CAPSTREAM VENTURES INC.

FINANCIAL STATEMENTS

December 31, 2015 and 2014

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Capstream Ventures Inc.

We have audited the accompanying financial statements of Capstream Ventures Inc., which comprise the statements of financial position as at December 31, 2015 and December 31, 2014 and the statements of changes in equity, comprehensive loss, and cash flows for the years ended then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Capstream Ventures Inc. as at December 31, 2015 and December 31, 2014 and its financial performance and its cash flows for the years ended December 31, 2015 and December 31, 2014 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 2 in the financial statements, which indicates that the Company has not yet achieved profitable operations and has accumulated losses of $493,437 since inception. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

(signed) "BDO CANADA LLP"

Chartered Professional Accountants,
Vancouver, British Columbia
April 28, 2016

CAPSTREAM VENTURES INC.
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015 and 2014
(Expressed in Canadian Dollars)

	As at December 31,	
	2015	**2014**
ASSETS		
Current Assets		
Cash	$ 222,880	$ 354,246
GST receivable	5,392	2,923
Prepaid expenses	21,250	1,250
TOTAL ASSETS	$ 249,522	$ 358,419
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 32,473	$ 5,527
TOTAL LIABILITIES	32,473	5,527
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	636,574	636,574
Contributed surplus	73,912	73,912
Accumulated deficit	(493,437)	(357,594)
TOTAL EQUITY	217,049	352,892
TOTAL SHAREHOLDERS' LIABILITIES and EQUITY	$ 249,522	$ 358,419

Nature of Operations – Note 1
Going Concern of Operations – Note 2

On behalf of the Board:

"Paul Larkin"
Director

"Robert Thast"
Director

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

CAPSTREAM VENTURES INC.
STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014
(Expressed in Canadian Dollars)

	For the Year Ended December 31,			
		2015		2014
EXPENSES				
Accounting and legal		31,035		32,200
Consulting and administration (Note 7)		64,700		-
Filing and transfer agent fees		23,566		14,603
Office and rent expense (Note 7)		12,380		12,755
Travel and business development		4,162		11,200
Total Expenses		135,843		70,758
Other items				
Interest earned		-		(4,188)
Net Loss and Comprehensive Loss for the Year	$	135,843	$	66,570
Basic And Diluted Loss Per Share	$	0.02	$	0.01
Weighted Average Number Of Shares Outstanding, Basic and Diluted		7,079,800		7,308,841

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

CAPSTREAM VENTURES INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014
(Expressed in Canadian Dollars)

	For the Year Ended December 31,	
	2015	**2014**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (135,843)	$ (66,570)
Changes in non-cash working capital items:		
(Increase) decrease in GST receivable	(2,469)	1,953
Increase in prepaids	(20,000)	(1,250)
Increase (decrease) in accounts payable and accrued liabilities	26,946	(15,792)
Cash used in operating activities	(131,366)	(81,659)
Decrease in cash during the year	(131,366)	(81,659)
Cash, beginning of the year	354,246	435,905
Cash, end of the year	$ 222,880	$ 354,246

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

CAPSTREAM VENTURES INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014
(Expressed in Canadian Dollars)

	Common shares								
	Number of Shares		Share Capital		Contributed Surplus		Deficit		Total
Balance, December 31, 2013	**8,179,800**	**$**	**691,574**	**$**	**18,912**	**$**	**(291,024)**	**$**	**419,462**
Cancellation of escrow shares	(1,100,000)		(55,000)		55,000		-		-
Net and comprehensive loss for the year	-		-		-		(66,570)		(66,570)
Balance, December 31, 2014	**7,079,800**		**636,574**		**73,912**		**(357,594)**		**352,892**
Net and comprehensive loss for the year	-		-		-		(135,843)		(135,843)
Balance, December 31, 2015	**7,079,800**	**$**	**636,574**	**$**	**73,912**	**$**	**(493,437)**	**$**	**217,049**

The accompanying notes are an integral part of these 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". See Subsequent Event Note 9 for more information.

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

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). IFRS has been applied since incorporation on June 21, 2011.

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. The acquisition or participation in a QT may be subject to shareholder approval. 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 December 31, 2015, the Company has accumulated losses of $493,437 since inception, has no source of operating revenues and expects to incur further losses in the development of its business, all of 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 year ended December 31, 2015 were approved and authorized for issue by the Board of Directors on April 28, 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

Financial Assets

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Liabilities

Financial liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Financial liabilities include accounts payable and accrued liabilities.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 provides the goods or the services.

Nature and purpose of reserves

Contributed surplus

Contributed surplus is used to record the fair value of items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital and warrants issued with respect to financings and not classified as liabilities until such time as the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Deficit

Deficit is used to record the Company's change in deficit from earnings and losses from period to period and transactions with related parties.

4. NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS

Effective January 1, 2015, the Company adopted the following new and revised IFRSs that were issued by the IASB.

- 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.

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 1 Presentation of Financial Statements

  The amendments to IAS 1 are a part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments is January 1, 2016. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

- IFRS 15 Revenue from Contracts with Customers

  IFRS 15 is based on the core principle to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 focuses on the transfer of control. IFRS 15 replaces all of the revenue guidance that previously existed in IFRSs. The effective date for IFRS 15 is January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

4. NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS (cont'd)

- IFRS 16 Leases

  IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. It eliminates the distinction between operating and finance leases from the perspective of the lessee. All contracts that meet the definition of a lease will be recorded in the statement of financial position with a "right of use" asset and a corresponding liability. The asset is subsequently accounted for as property, plant and equipment or investment property and the liability is unwound using the interest rate inherent in the lease. The accounting requirements from the perspective of the lessor remains largely in line with previous IAS 17 requirements. The effective date for IFRS 16 is January 1, 2019. The Company is in the process of evaluating the impact of the new standard.

5. SHARE CAPITAL

Authorized Share Capital

At December 31, 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, 2015 and 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 December 31, 2015, 1,415,000 common shares (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 Exchange Bulletin (the Exchange'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.

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.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (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 December 31, 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 $222,880 at December 31, 2015 (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. The Company currently has no interest bearing financial instruments.

(d) Liquidity Risk

The Company is subject to liquidity risk with respect to its financial obligations. Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due. The Company has not generated any revenue since inception. As at December 31, 2015, the Company has incurred losses since inception and has working capital of $217,049.

(Expressed in Canadian Dollars)

6. FINANCIAL RISK MANAGEMENT (cont'd)

(e) 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.

(f) 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

The Company incurred the following transactions with officers, directors and companies controlled by directors of the Company:

	Year Ended December 31	
	2015	2014
Consulting fees	14,700	8,000
Administration	2,000	-
Rent	11,000	12,000
	27,700	20,000

8. TAXATION

(a) Provision for current tax

No provision has been made for current income taxes, as the Company has no taxable income for the year ended December 31, 2015.

(Expressed in Canadian Dollars)

8. TAXATION (cont'd)

(b) Provision for deferred tax

A rate reconciliation of income taxes at the statutory rate is as follows:

	2015	2014
	$	$
Loss before income taxes	**(135,843)**	(66,570)
Income taxed at local statutory rates – 26% (2014: 26%)	**(35,000)**	(17,000)
Change in unrecognized deferred tax assets	**35,000**	17,000
Deferred tax expense/(recovery)	**-**	-

There were no changes to the Company's tax rate during the year. The British Columbia Provincial tax rate is at 11%, and Canadian Federal corporate tax rate remained at 15%.

Deferred Tax Assets and Liabilities

No deferred tax asset has been recognized in respect of the following losses and temporary differences as it is not considered probable that sufficient future taxable profit will allow the deferred tax to be recovered:

	2015	2014
	$	$
Non capital losses	**124,000**	86,000
Undeducted financing costs	**1,000**	4,000
Other	**1,000**	1,000
Less:		
Unrecognized deferred tax assets	**(126,000)**	(91,000)
Net deferred tax asset	**-**	-

As at December 31, 2015, the Company has estimated non-capital losses for Canadian tax purposes of $479,000, that may be carried forward to reduce taxable income derived in future years, as summarized below:

Non capital Canadian tax losses expiring are as follows:

Year of Expiry	**Taxable Losses**
2031	48,000
2032	112,000
2033	92,000
2034	79,000
2035	148,000
	$ 479,000

9. SUBSEQUENT EVENTS

Subsequent to December 31, 2015, pursuant to the completion of a Filing Statement in connection with a Qualifying Transaction (QT) 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 certain Axion shareholders have entered into a Share Exchange Agreement ("SEA") whereby the Company will acquire an ownership interest of 29.29% of the outstanding common shares of Axion in exchange for 117,168,692 common shares of the Company.

The Company will also issue an additional 33,000,000 common shares ("Performance Escrow Shares") to certain Axion Games Ltd. shareholders to be held in escrow. The Performance Escrow Shares will 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.

The Company will also issue 1,000,000 share purchase warrants ("finders' warrants") with an exercise price of $0.25 as a finders' fee for the investment in Axion. Each finders' warrant will be exercisable into one common share of Capstream and will expire two years from the date of issuance.

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 investment is not completed between Innovega and the Company, the Loan will become payable in full on demand with a 120 day repayment period.

9. SUBSEQUENT EVENTS

Equity Financing

In addition to the investments being made in Axion and Innovega, the Company will 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. As of the filing date of these financial statements, no funds had yet been raised in accordance with this planned 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.