

CAPSTREAM VENTURES INC.

NEWS RELEASE

August 4, 2016

TSXV Symbol: CSP

CAPSTREAM ANNOUNCES ADDITIONAL PROPOSED AXION ACQUISITION

Vancouver, British Columbia – Capstream Ventures Inc. (“**Capstream**” or the “**Company**”) announces that the Company has entered into two additional share exchange agreements and is finalizing a third proposed share exchange agreement for execution (each, an “**Agreement**”) to acquire an additional interest in Axion Games Limited (“**Axion**”).

On May 26, 2016, the Company announced entering into an agreement to acquire an additional beneficial interest in Axion of approximately 5.07% by acquiring 85,655 shares of Axion Entertainment International Holdings Limited (“**AEIH**”) from an arm’s length shareholder of AEIH. Upon closing of the proposed 5.07% acquisition announced on May 26, the Company would have a beneficial interest of approximately 34.36% of the total issued and outstanding Axion shares.

On June 10, 2016, the Company announced entering into two additional agreements to acquire a further interest in Axion of approximately 2.17% by acquiring a total of 3,588,304 shares of Axion (directly) from two arm’s length shareholders of Axion. Upon closing of the proposed 2.17% acquisition announced on June 10 and the proposed 5.07% acquisition announced on May 26, the Company would have a beneficial interest of approximately 36.52% of the total issued and outstanding Axion shares.

On July 6, 2016, the Company announced entering into two additional agreements to acquire an additional interest in Axion of approximately 7.89% by acquiring a total of 13,067,413 shares of Axion (directly) from two arm’s length shareholders of Axion. Upon closing of the foregoing proposed 5.07%, 2.17% and 7.89% acquisitions, the Company would have a beneficial interest of approximately 44.42% of the total issued and outstanding Axion shares.

Pursuant to the Agreements announced today, the Company intends on acquiring an additional beneficial interest in Axion of approximately 1.66% by acquiring an additional 28,120 shares of AEIH from three arm’s length shareholders of AEIH. The Company intends on issuing 3,326,892 Capstream common shares in exchange for the foregoing interest in Axion at a deemed price of \$0.40 per share and providing final terms of the acquisitions in due course.

Completion of all proposed acquisitions are subject to all required approvals, consents, authorizations and waivers being obtained, including the acceptance by the TSX Venture Exchange (the “**Exchange**”). Please note that only the acquisitions announced May 26 and June 10 have received Exchange approval and all Capstream common shares issued in exchange for the interests in Axion are intended to be issued at a deemed price of \$0.40 per share.

Upon closing all eight proposed acquisitions, the Company will hold the following interests:

- (i) 266,908 shares (or an approximate 65.5% interest in AEIH) of the total 407,600 issued and outstanding shares of AEIH which owns 39,917,691 Axion shares;
- (ii) 26,866 shares (or an approximate 53.7% interest in Axion Entertainment Holdings Ltd. (“AEH”)) of the total 50,000 issued and outstanding shares of AEH, which owns 55,000,000 Axion shares (5,000,000 of which are held in trust for other holders and are excluded for interest calculation purposes); and
- (iii) 23,281,447 Axion shares directly.

As a result of the foregoing, Capstream will have a beneficial interest in 76,286,679 (or a 46.08% interest) of the total 165,553,290 issued and outstanding Axion shares.

On behalf of Capstream Ventures Inc.

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Forward Looking Statements

Certain statements contained in this press release constitute forward-looking information. These statements relate to future events or future performance. The use of any of the words “could”, “intend”, “expect”, “believe”, “will”, “projected”, “estimated”, “proposed” and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on Capstream’s current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. In particular, this release contains forward-looking information relating to: (i) the Company’s intention to enter into a third proposed share exchange agreement; (ii) complete the proposed acquisitions of an additional interest in Axion; (iii) the Company’s intention to issue common shares in exchange for the acquired shares and to provide updates of the terms of the acquisition; and (iv) the updated shareholdings of Axion and the related holding companies. Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to Capstream. Risk factors that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking information include, among other things: conditions imposed by the Exchange, the failure to obtain Exchange approval; general economic and business conditions; and changes in regulatory regime. Capstream cautions the reader that the above list of risk factors is not exhaustive. The forward-looking information contained in this release is made as of the date hereof and Capstream is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein. This press release does not constitute an offer to sell or a solicitation of an offer to buy any securities in the United States.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.