

CAPSTREAM VENTURES INC.

Suite 530 – 625 Howe Street Vancouver BC V6C 2T6
T: 604 687 7767 F: 604 688 9895

CAPSTREAM PROVIDES UPDATE ON QUALIFYING TRANSACTION AND ANNOUNCES LOAN TO INNOVEGA INC.

February 26th, 2016

TSXV Symbol: CSP.H

Vancouver, British Columbia - Capstream Ventures Inc. (“Capstream” or the “Company”) is pleased to provide an update to its news releases dated December 23, 2015 and October 6, 2015 and provide information on recent amendments to its proposed Qualifying Transaction.

Capstream has made its initial filing with the TSX Venture Exchange (the “TSXV”) for conditional approval to the terms of its proposed Qualifying Transaction and acquisition of the investments in Innovega Inc. (“Innovega”) and Axion Games Limited (“Axion”). Capstream continues to work diligently towards completion of a filing statement in respect of the proposed transactions in accordance with Policy 2.4 of the TSXV, which filing statement will be filed on SEDAR at www.sedar.com prior to the closing of the Qualifying Transaction.

Investment in Innovega

As previously disclosed, Capstream is proposing to make an investment in Innovega by way of a convertible loan in the amount of US\$350,000 (the “Innovega Investment”). Please see the Company’s news release dated October 6, 2015 for full details on the terms of the Innovega Investment.

Capstream further announces that in accordance with Section 8.5 of TSXV Policy 2.4 and with the approval of the TSXV, Capstream has entered into an agreement with Innovega whereby Capstream has 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.

About Innovega

Innovega, with offices in San Diego, California and Bellevue, Washington, is developing proprietary display technology based on eyewear and contact lenses that enhance human vision allowing the wearer to simultaneously access digital media while remaining fully engaged in their normal activities. Specifically, Innovega’s display technology aims to enhance the user’s normal vision to make it possible to view virtual and augmented (“VR & AR”) reality images in the same way the user views the real world. The business model is to license patented video eyewear technology and platforms to digital media and consumer product companies, enabling them to deliver high-performance personal displays in a more compact and less invasive manner. The resulting products and platforms will offer unique benefits that include transparent optics, panoramic fields of view, and full HD/3D, VR & AR performances, while enabling stylish and highly functional eyewear designs. Similarly, Innovega will outsource and license the manufacture of iOptik™ contact lenses. Innovega’s business model will offer contact lens manufacturers the opportunity to develop new and larger consumer segments that are not presently served by today’s

contact lens industry. Strategic partners / customers will benefit from Innovega's strong patents and other intellectual property based on Innovega being the first commercial designer of products in this new display category. Other supply-chain opportunities will exist for those companies that wish to participate in the manufacture of Innovega's personal eyewear platforms.

Investment in Axion

As previously disclosed, Capstream has entered into a revised letter of intent ("LOI") with certain beneficial shareholders (the "Axion Shareholders") of Axion which outlines the terms and conditions of a proposed transaction pursuant to which Capstream will acquire a minimum beneficial ownership interest of 25.48% of the issued and outstanding shares of Axion (the "Axion Investment") in exchange for 101,920,000 common shares of Capstream (based on a calculation of 1% of Axion for 4,000,000 common shares valued at \$0.20 per share). Capstream will also issue 33,000,000 performance escrow shares (the "Escrow Shares") to be released to the Axion Shareholders subject to specific financial performance targets (the "Financial Performance Targets") being attained by Axion. Please see the Company's news release dated December 23, 2015 for full details on the terms of the Axion Investment.

Capstream and the Axion Shareholders continue to negotiate a definitive agreement relating to the Axion Investment that will supersede the LOI and have agreed to extend the timeline for finalization of the definitive agreement to March 31st, 2016, in order to finalize the optimal tax structure for the Axion Investment.

About Capstream

Capstream is a Capital Pool Company listed on the NEX board of the TSXV. Capstream has not commenced commercial operations and has no assets other than cash. Upon completion of the proposed Qualifying Transaction, Capstream will be an Investment Company under the rules TSXV holding interests in Innovega and Axion as its initial investments.

Trading in Capstream shares has been halted pending receipt by the TSXV of certain required materials from the Company and review of the proposed Qualifying Transaction by the TSXV. Capstream will continue to provide further details in respect of the Qualifying Transaction in due course by way of news release.

On behalf of Capstream Ventures Inc.

Paul Larkin
President and Chief Executive Officer
Telephone: 604 687 7767

Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange Requirements, majority of the minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

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.