

CAPSTREAM VENTURES INC.  
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**NEWS RELEASE**

May 12th, 2015

TSXV SYMBOL: CSP.H

**CAPSTREAM ANNOUNCES QUALIFYING TRANSACTION**

**Vancouver, British Columbia** - Capstream Ventures Inc. ("**Capstream**" or the "**Company**") is pleased to announce that it plans to become an Investment Company under the rules of the TSX Venture Exchange ("**TSXV**"). Capstream further announces that it has entered into a Letter of Intent ("**LOI**") with certain Shareholders ("**First Shareholders**") of Axion Games Limited ("**AG**") (formerly Epic Games China Limited) which outlines the general terms and conditions of a proposed transaction pursuant to which Capstream proposes to acquire a minimum ownership interest of 21.9% of the issued and outstanding shares of AG in exchange for common shares of Capstream (the "**First Transaction**") by directly acquiring 9,455,301 and 26,866,667 shares, respectively, of two holding companies, Axion Entertainment International Holdings Ltd., British Virgin Islands, ("**AEIH**") and Axion Entertainment Holdings Ltd., Singapore, ("**AEH**") whose only investments are shares in AG. As part of the First Transaction, the Company may acquire additional shares of AEIH and AEH in order to increase its interest in AG. The LOI was negotiated at arm's length and is effective as of May 8, 2015.

Capstream has also entered into a second LOI (the "**Second Transaction**") with certain shareholders (the "**Second Shareholders**") of Red Anchor Trading Corp. ("**Red Anchor**") which outlines the terms and conditions of a proposed transaction, pursuant to which Capstream will acquire a minimum of 65% of the issued and outstanding shares of Red Anchor in exchange for common shares of Capstream. The LOI with Red Anchor was negotiated at arm's length and is effective as at May 8, 2015.

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. A finder's fee may be payable subject to TSX Venture guidelines.

The First and the Second Transactions, if completed, will constitute Capstream's "Qualifying Transaction", as defined in TSXV policies. Sponsorship of a Qualifying Transaction is generally required by the Exchange, unless exempted in accordance with Exchange policies. Capstream intends to retain an investment banker to serve as the sponsor for the acquisition, if required, however, a sponsor has not yet been engaged. Upon completion of the Qualifying Transaction, Capstream's primary focus will be to seek superior returns by making investments in online video games or applications.

The Company may also invest in projects or in equity, debt or other securities of public or private companies in the high growth online PC and mobile gaming and applications sector. The Company's geographical focus is emerging Asia.

**Axion Games Limited**

AG is uniquely positioned as one of the lowest cost and highest quality video independent game studios in the world. The Company is based in Shanghai, and China is now considered the world's largest PC online game market and quickly becoming a major market for online mobile games. AG specializes in high production-value, online (multiplayer) games, both on mobile and PC platforms. The Company

believes online games offer the highest growth opportunity in the video game industry on all platforms. The Company's products have been showcased in technological demonstrations at the China Joy Game Show by major industry players such as Nvidia (for its graphic processors) and Microsoft (for X-Box One).

As newly developed games (PC and mobile) have a high failure rate, AG's strategy is to continue to build a high production-value portfolio of online games at the lowest possible cost. In making games of higher complexity (production value), AG has a distinct competitive advantage versus studios in developed countries with respect to cost and versus studios in emerging markets with respect to skill.

AG was formed as a Cayman Islands holding company in 2006 and is a joint venture between Epic Games International Ltd. (USA), ("Epic"), and AEHL, a holding company established by AG's founders. Early on, AG provided outsourcing services to Epic and worked on several of Epic's major games. AG expanded its reach and became an outsourcing provider to numerous other game developers. AG has successfully delivered tens of thousands of premium game assets to dozens of outsourcing clients. AG's game assets have contributed to major global titles. AG believes that as an outsourcing partner it has established a reputation for quality, cost control and on-time completion. In 2009 the Company developed and sold its first game, Fat Princess, to Sony. Fat Princess was an immediate hit. Beginning in 2011 AG began developing games for the Asian market and currently has a forward portfolio of six games (over 500 development man-years), which it plans to exploit in the next two to three years. AG has also begun acquiring rights to higher production value, online games for its publishing business in China.

AG's primary assets are investments in its portfolio of online PC and mobile video games and game assets, a wholly-owned server management software, content generation technology named Atlas, and two video game studios. AG's primary online games operations are based in Shanghai, China, and it intends to expand its development and publishing operations into other Asian regions.

Subject to regulatory approval, Capstream has negotiated an acquisition valuation of US \$16 million for 20% of AG. Subject to the final definitive agreement, Capstream will acquire each 1% of AG for 4,000,000 shares of Capstream, valued at US \$0.20 per share.

#### **Red Anchor Trading Corp.**

Red Anchor is a Thailand based developer of a social application ("APP") called "HotNow", the company's first commercially viable APP. HotNow is a social application that identifies popular places by the frequency of user posts, super-imposed upon a map (heat-map). It incentivizes users to visit shops and restaurants by offering users SmartCoupons, which are programmed into the platform by the shops themselves. If you visit Bangkok ("Current Test Market"), for example, you may not know where to get the best lunch or Pad Thai. You can lower your search cost by utilizing HotNow users' posts to see what kind of people visit a certain area or shop and, if the local shops participate, take advantage of discounts. HotNow is in advanced alpha build and available on Google Playstore. Based on preliminary assessments, and subject to the final definitive agreement, Capstream has valued 100% of Red Anchor at US \$600,000 and has negotiated an acquisition valuation of US \$390,000 for a 65% interest in Red Anchor. Capstream will issue 1,950,000 shares of Capstream, valued at US \$0.20 per share, or acquire each 1% of Red Anchor for 30,000 shares of Capstream.

In connection with the proposed Qualifying Transaction, Capstream intends to adopt an investment policy to govern its investment activities and investment strategy. A copy of the investment policy will be posted on the Company's profile on Sedar ([www.sedar.com](http://www.sedar.com)).

In light of the new strategic direction, Capstream intends to appoint Mr. John Todd Bonner as a Director of the Company. Mr. Bonner is one of the founders of Epic Games China Limited (now Axion Games

Limited) and has served as a director since January 2007. Mr. Bonner co-founded and was an executive director of PCCW Limited, a telecommunications, media, IT solutions, property development and investment company listed on the Hong Kong Stock Exchange, which acquired Hong Kong Telecommunications Limited in 2000. Mr. Bonner retired from PCCW group companies in 2003 and co-founded NorthStar Pacific Partners in 2003, an Indonesian based merchant bank. Upon closing Capstream further intends to appoint additional directors with the requisite skill to advance its investment activities.

The transaction terms outlined in both LOIs are non-binding on the parties and the LOIs are expected to be superseded by definitive agreements (the "**Definitive Agreements**") to be signed between the parties. The transactions are subject to regulatory approval, including the approval of the TSXV and standard closing conditions, including the approval of the Definitive Agreement by the directors of Capstream and the target shareholders and completion of due diligence investigations to the satisfaction of each of Capstream and the respective First and Second Shareholders. The LOIs contemplate the completion of a concurrent financing of \$2 - \$3 million on terms to be determined. The legal structure for the Qualifying transaction will be determined after the parties have considered all relevant tax, securities law, and accounting considerations. However, there is no assurance that the Definitive Agreements will be successfully negotiated or entered into and there is no assurance that the financing as described above will be completed. In accordance with the TSXV policies, Capstream's shares are currently halted and will remain halted until a subsequent News Release with additional information is issued by Capstream.

ON BEHALF OF THE BOARD

**CAPSTREAM VENTURES INC.**

Paul Larkin, CEO

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*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.*