

CAPSTREAM VENTURES INC.

Suite 530 – 625 Howe Street Vancouver BC V6C 2T6
T: 604.687.7767 F: 604.688.9895

NEWS RELEASE

May 26, 2016

TSXV Symbol: CSP

CAPSTREAM ANNOUNCES ADDITIONAL AXION ACQUISITION AND CHANGE OF OFFICERS

Vancouver, British Columbia – Capstream Ventures Inc. (“**Capstream**” or the “**Company**”) announces that the Company has entered into an agreement (the “**Agreement**”) to acquire an additional interest in Axion Games Limited (“**Axion**”). As previously described in its press release dated May 12, 2016, in connection with the Company’s Qualifying Transaction (as defined in Policy 2.4 – Capital Pool Companies of the Corporate Finance Manual of the TSX Venture Exchange (the “**Exchange**”), the Company acquired approximately 29.29% of Axion. The acquisition of the Axion interest was completed by acquiring shares of Axion directly and through the acquisition of shares of two holding companies, Axion Entertainment Holdings Ltd. (“**AEH**”) and Axion Entertainment International Holdings Limited (“**AEIH**”). Pursuant to the Agreement, the Company intends on acquiring an additional beneficial interest in Axion of approximately 5% by acquiring an additional 85,655 shares of AEIH from an arm’s length shareholder of AEIH. Completion of the proposed acquisition will be subject to all required approvals, consents, authorizations and waivers being obtained, including the acceptance by the Exchange. The Company intends on issuing 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 acquisition in due course.

Upon closing the proposed acquisition, the Company will hold the following interests:

- (i) 238,788 shares (or an approximate 58.6% 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 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) 6,625,730 Axion shares directly.

As a result of the foregoing, Capstream will have a beneficial interest in 56,874,513 (or a 34.4% interest) of the total 165,553,290 issued and outstanding Axion shares.

Change of Officers

In connection with proposed acquisition of an additional interest in Axion, the Company announces that Paul Larkin will be stepping down as President and Chief Executive Officer of

the Company and John Todd Bonner will be appointed as Chief Executive Officer. The Board of Directors of the Company wish to thank Mr. Larkin for his services as an officer of the Company. Mr. Larkin will remain as a director of the Company and Mr. Bonner will also continue as a director of the Company and Chairman of the Board of Directors.

The appointment of Mr. Bonner is part of Capstream's strategy of investing in a portfolio of undervalued internet technology investment opportunities. Mr. Bonner is one of the founders of Axion and has served as a director of Axion since January 2007. Mr. Bonner also co-founded and was an executive director of PCCW Limited, a company listed on the Hong Kong Stock Exchange which acquired Hong Kong Telecommunications Limited in 2000. Mr. Bonner retired from PCCW group of companies in 2003 and co-founded NorthStar Pacific Partners in 2003, an Indonesian based merchant bank and Axion Ventures, a Singapore based venture capital firm. Mr. Bonner graduated with a B.S.C. from Stanford University.

On behalf of Capstream Ventures Inc.

John Todd Bonner
Chief Executive Officer
Telephone: 604.687.7767

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" 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 complete the proposed acquisition of an additional interest in Axion; (ii) the Company's intention to issue common shares in exchange for the acquired AEIH shares and to provide updates of the terms of the acquisition; and (iii) 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.