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NEWS RELEASE

May 6, 2016

TSXV Symbol: CSP.H

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CAPSTREAM ANNOUNCES THE ENTERING INTO OF A DEFINITIVE AGREEMENT, FILING OF FILING STATEMENT & CONDITIONAL APPROVAL FOR QUALIFYING TRANSACTION

Vancouver, British Columbia – Capstream Ventures Inc. (“**Capstream**” or the “**Company**”) is pleased to announce that, in furtherance to its press releases dated May 12, 2015, October 6, 2015 and December 23, 2015, it has entered into a definitive share exchange agreement (the “**Agreement**”) with certain shareholders (the “**Shareholders**”) of Axion Games Limited (“**Axion**”) and Axion Entertainment Holdings Ltd. (“**AEH**”) and Axion Entertainment International Holdings Limited (“**AEIH**”), both formed for the sole purpose of holding Axion shares, pursuant to which Capstream has agreed to acquire an interest of approximately 29.29% of Axion (the “**Axion Transaction**”). Specifically, pursuant to the Agreement, Capstream will acquire the ownership interest of approximately 29.29% of Axion through the acquisition by Capstream of 153,133 shares (or an approximate 37.57% interest in AEIH) of AEIH which owns 39,917,691 Axion shares and 26,867 shares (or an approximate 53.73% interest in AEH) 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 6,625,730 Axion shares directly, giving Capstream a beneficial interest in 48,489,579 (or an 29.29% interest) of the total 165,553,290 issued and outstanding Axion shares.

The Company is also pleased to announce that a filing statement (the “**Filing Statement**”) dated April 25, 2016 regarding the Axion Transaction and the Innovega Transaction (defined below and together, the “**Transactions**”) has been filed on SEDAR at www.sedar.com. The Company is also pleased to announce that it received conditional approval from the TSX Venture Exchange (the “**Exchange**”) for the Transactions. The Transactions are intended to be Capstream’s Qualifying Transaction as that term is defined in Policy 2.4 – *Capital Pool Companies* of the Exchange Corporate Finance Manual, and is subject to the final approval of the Exchange.

Additional Terms of the Transactions

Axion Transaction

Pursuant to the terms of the Agreement, Capstream will acquire 29.29% of Axion in consideration of the issuance of 117,168,692 Capstream common shares (the “**Axion Exchange Shares**”) with a deemed value of \$0.20 per Axion Exchange Share for an aggregate deemed

value of \$23,433,738. Capstream will also issue 33,000,000 Capstream common shares (the “**Axion Performance Escrow Shares**”) to be released to certain Shareholders subject to the following financial performance targets (the “**Financial Performance Targets**”) being attained by Axion:

- (i) Axion generating EBITDA (earnings before interest, taxes, depreciation and amortization) in excess of US\$6,000,000 in any audited fiscal year ending December 31, 2016, 2017 or 2018; or
- (ii) Axion generating game pre-sales revenue in excess of US\$10,000,000 in any audited fiscal year ending December 31, 2016, 2017 or 2018.

In the event the Financial Performance Targets are not met by Axion by December 31, 2018, the Axion Performance Escrow Shares shall be cancelled and returned to the treasury.

Innovega Investment

On October 6, 2015, Capstream and Innovega Inc. entered into a letter of intent whereby Capstream agreed to acquire an unsecured one year convertible promissory note of Innovega in the principal amount of US\$350,000, which shall bear interest at a rate of 8% and be convertible into shares of Innovega subject to a future eligible financing event and at a predetermined 15% discount to pre money value of such financing event (capped at US\$16.5 million) (the “**Innovega Transaction**”). The Innovega Transaction is expected to close concurrently with the Axion Transaction and the Concurrent Financing (defined below).

Conditions of Closing

Completion of the Axion Transaction will be subject to the satisfaction or waiver of certain conditions, including, but not limited to:

- (a) the Concurrent Financing shall have closed;
- (b) the parties shall be satisfied with the results of their respective due diligence;
- (c) the closing shall be on or before May 16, 2016; and
- (d) all required approvals, consents, authorizations and waivers relating to the consummation of the Qualifying Transaction shall have been obtained, including the acceptance by the Exchange of the Qualifying Transaction.

Private Placement

Concurrently with the Transactions, Capstream intends to complete a private placement financing (the “**Concurrent Financing**”) to raise up to \$1,150,000 through the issuance of up to 5,750,000 Capstream common shares at a price of \$0.20 per share. It is proposed that a minimum of \$500,000 of the Concurrent Financing will be completed by Canaccord Genuity Corp. (“**Canaccord**”) on a commercially reasonable efforts brokered basis. In connection with the Concurrent Financing, Canaccord will receive a cash commission (payable in Capstream common shares at the option of Canaccord) of 6% of the gross proceeds raised by Canaccord in the brokered portion of the Concurrent Financing and 2% on the balance of the Concurrent Financing. Canaccord will also be granted non-transferable share purchase warrants (the “**Agent’s Warrants**”), equal to 6% of the Capstream common shares sold by Canaccord under the Concurrent Financing. The Agent’s Warrants will be exercisable at \$0.20 per Capstream

common share for a period of 12 months following the closing. Capstream has also agreed to pay a corporate finance fee to Canaccord, in support of the Qualifying Transaction and the brokered portion of the Concurrent Financing due diligence process. A 4% finder's fee may be paid on a portion of the non-brokered Concurrent Financing, subject to Exchange approval. For the intended use of proceeds of the Concurrent Financing, please see the Filing Statement filed under Capstream's SEDAR profile at www.sedar.com on April 27, 2016. All securities issued pursuant to the Concurrent Financing will be subject to a four-month hold period in accordance with applicable securities laws.

Stock Option Grants

It is proposed that Capstream will issue an aggregate of 700,000 stock options to its directors, officers, employees and consultants on closing of the Transactions. Each stock option will entitle the optionee to purchase one Capstream common share exercisable at a price of \$0.25 per share for a period of five years.

Change in Board of Directors

As disclosed in Capstream's prior releases and the Filing Statement, Capstream intends to appoint Mr. John Todd Bonner, Mr. Steve Willey and Mr. Ravinder (Rob) Kang as directors of the Company upon completion of the Qualifying Transaction. Current directors Mr. Robert Thast and Mr. Ken Holmes have agreed to step down from the board of directors.

About Axion

Axion, a private Cayman Islands corporation with primary operations in Shanghai, China, is an online video games development and publishing company. Due to a high failure rate in video games, Axion specializes in and focuses on building high production value online multiplayer games where Axion can capitalize on its competitive advantages. In making games of higher production value and complexity, Axion has a distinct advantage versus studios in developed countries with respect to cost, and versus studios in emerging markets with respect to skills. Axion traces its advantages to its joint venture roots with industry renowned, US based, Epic Games International Ltd. that was established in October 2006.

About Innovega

Innovega, a private Delaware corporation 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 reality and augmented reality images in the same way the user views the real world.

About Capstream

Capstream is a capital pool company under Policy 2.4 of the Exchange but was not able to complete a Qualifying Transaction within the prescribed time frame and applied for listing on the NEX Board of the Exchange. Capstream has no active business or operations and has no material assets other than cash. The principal business of Capstream consists of the

identification and evaluation of potential acquisitions or businesses, and once identified and evaluated, the negotiation of an acquisition or business combination, subject to receipt of regulatory and, if required, shareholder approval.

Trading Update

The Capstream common shares are currently halted from trading and shall remain so until completion of the Transactions, or until satisfactory documentation to allow a resumption of trading is filed with and reviewed by the Exchange.

This press release should not be considered a comprehensive summary of the Transactions. Please refer to the Filing Statement filed under Capstream’s SEDAR profile at www.sedar.com on April 27, 2016.

Trading of the Capstream common shares will remain halted pending receipt and review by the Exchange of acceptable documentation regarding Capstream following completion of the Transactions.

All information provided in this news release related to Capstream has been provided by management of Capstream and has not been independently verified by management of Axion or Innovega. All information provided in this news release related to Axion or Innovega has been provided by management of Axion or Innovega, as applicable, and has not been independently verified by management of Capstream.

The securities to be issued in connection with the Transactions and the Concurrent Financing have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the “**U.S. Securities Act**”) or any state securities laws and may not be offered or sold within the United States or to U.S. Persons (as defined in Regulation S promulgated under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

On behalf of Capstream Ventures Inc.

Paul Larkin
President and Chief Executive Officer
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Reader Advisory

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 the intention of the parties to complete the Transactions, the Concurrent Financing and the intended use of proceeds of the Concurrent Financing. 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. The material factors and assumptions include the parties to the proposed Transactions being able to obtain the necessary director and regulatory approvals; and Exchange policies not changing. 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 the required approval for the Transactions; changes in tax laws, general economic and business conditions; and changes in the 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.

Investors are cautioned that, except as disclosed in the Filing Statement, 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 securities referred to in this news release have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. registration or an applicable exemption from the U.S. registration requirements. This news release does not constitute an offer for sale of securities for sale, nor a solicitation for offers to buy any securities.

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.