

CAPSTREAM VENTURES INC.

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NEWS RELEASE

October 26, 2016

TSXV Symbol: CSP

CAPSTREAM ANNOUNCES HOTNOW INVESTMENT

Vancouver, British Columbia – Capstream Ventures Inc. (“**Capstream**” or the “**Company**”) (TSX Venture: CSP) is pleased to announce that it has entered into an investment agreement (the “**Investment Agreement**”) with Red Anchor Trading Corp. (“**Red Anchor**”), a company engaged in the business of developing an application known as “HotNow”, which is a marketing automation platform for retailers to offer various promotions. Under the terms of the Investment Agreement, the Company has agreed to invest US\$1.5 million in Red Anchor to acquire 15.9% of the voting shares of Red Anchor. The proceeds of the investment are expected to be used for funding working capital of Red Anchor pursuant to budget and business plans to be agreed to by the Company and Red Anchor prior to closing.

Terms of the Investment Agreement

The material terms of the Investment Agreement include the following terms and conditions:

- The Company has agreed to purchase 9,375 ordinary shares of Red Anchor at US\$160 per share for total gross proceeds of US\$1.5 million (the “**Investment**”). Upon completion of the Investment, the Company will own 15.9% of the outstanding issued and voting shares of Red Anchor on a fully-diluted basis.
- As certain parties are considered non arm’s length parties as discussed below (within the meaning of TSX Venture Exchange (“**TSXV**”)), as a condition to final TSXV approval, the parties have agreed that US\$1,200,000 of the subscription proceeds shall be held in escrow and not released until Red Anchor receives a minimum of US\$500,000 subscription proceeds from arm’s length investors with a pre-money valuation of a minimum of US\$10,000,000 within 90 days of closing the Investment, failing which such amount will be returned to the Company.
- The Company shall retain participation rights in any future security offering of Red Anchor that will allow it to maintain its proportionate interest in Red Anchor. Such rights shall not apply to: (i) granting of stock options that have received approval from the board of directors of Red Anchor (the “**Red Anchor Board**”) and issuances of shares on the exercise of stock options granted; (ii) a dividend, share split or other distribution on shares; (iii) issuances of securities offered to financial institutions or lessors in connection with commercial credit arrangements, equipment financings or similar transactions that have received approval from the Red Anchor Board; or (iv) issuances of securities offered in connection with an arm’s length acquisition.
- The Company shall receive tag-along rights and adjustment rights in connection with any subdivisions, consolidations or other reorganizations of the share capital of Red Anchor.
- The Company shall also receive information rights to monthly management reports and financial statements of Red Anchor, inspection rights and, for so long as Company holds at least 5% of the outstanding shares of Red Anchor, the Company shall have the right to appoint at least one non-executive director to the Red Anchor Board.

- The Investment Agreement is subject to final TSXV approval.

Consummation of the Investment is subject to a number of customary conditions of closing, including that no material adverse change with respect to Red Anchor shall have occurred and that the Red Anchor's representations and warranties made under the Investment Agreement are accurate at closing of the proposed Investment.

Related Party Transactions

John Todd Bonner is the Chief Executive Officer and Chairman of the board of directors (the "**Board**") of the Company and beneficial owner of 38.18% of the issued and outstanding voting shares of Red Anchor. Therefore, Mr. Bonner is considered to be a non arm's length party of the Company, within the meaning of the policies of the TSXV. In addition, Nithinan Boonyawattapisut, Mr. Bonner's spouse and a controlling shareholder of the Company, also beneficially owns an additional 38.18% of Red Anchor, and is also a party to the Investment Agreement to give certain representations, warranties and covenants. Therefore, the Investment is, or may be, a related party transaction under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). Based on written recommendations prepared by a special committee of the arm's length directors of the Company, the Board, with Mr. Bonner abstaining from voting where required, agreed to the terms of the Investment. There were no materially contrary views, or abstention by any directors other than as set out above and there were no material disagreements between the Board and the special committee. The Company is exempted from both the formal valuation requirement pursuant to s. 5.5(b) of MI 61-101 and the minority approval requirement pursuant to s. 5.7(1)(a) of MI 61-101. The Investment is expected to be completed less than 21 days after the date of this news release, as several material matters were uncertain and not ascertainable until at, or close to, the date of this release. These matters include the terms of the Investment Agreement, internal approvals of the Company and conditional approval of the TSXV. Due to, in part, the foregoing, the Company was unable to issue this release prior to today's date with any certainty, and in the Company's opinion this shorter period was unavoidable as well as reasonable and necessary in the circumstances.

About Capstream

Capstream is an Investment Issuer with interests in: (i) Axion Games Limited, a private online video games development and publishing company with primary operations in Shanghai, China; and (ii) Innovega Inc., a private display technology eyewear and contact lense company with offices in San Diego, California and Bellevue, Washington.

About Red Anchor

Red Anchor is a private British Virgin Islands company with primary operations in Bangkok, Thailand. Red Anchor owns and operates the HotNow mobile application, an on-demand marketing automation platform that provides machine learned, optimal promotional means for retailers to reach relevant consumer users of the HotNow application. For the consumer users, HotNow is a discovery and directory application of local retailers and their hottest promotions in genres of their interests and within their proximity.

On behalf of Capstream Ventures Inc.

"John Todd Bonner"

Chief Executive Officer
Telephone: 604.687.7767

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibilities for the adequacy or accuracy of this release.

Cautionary Statement Regarding Forward-Looking Information

Certain statements contained in this press release may 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. 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: the failure to obtain final TSX Venture 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.