
Axion Ventures Inc.
Condensed Consolidated Interim Financial Statements

(Expressed in United States Dollars)

For the Three Months Ended March 31, 2018 and 2017

(Unaudited)

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Administrative information

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Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Vancouver, Canada

May 30, 2018

Axion Ventures Inc.**Condensed Consolidated Interim Financial Statements (Unaudited)****(Expressed in United States Dollars)****Condensed Consolidated Interim Statement of Comprehensive Income
For the Three Months Ended March 31, 2018 and 2017**

		Three months ended March 31,	
	Notes	2018 US\$'000	2017 US\$'000
Revenue	4	1,218	1,400
Cost of sales		<u>(1,158)</u>	<u>(783)</u>
Gross profit		60	617
Research and development expenses		(375)	(557)
Selling and distribution expenses		(172)	(452)
General and administrative expenses		<u>(2,453)</u>	<u>(1,500)</u>
Loss from operations		(2,940)	(1,892)
Other income		11	13
Finance income		4	6
Fair value loss on derivative financial instruments	16	(311)	-
Foreign currency exchange (loss)/gain		<u>(39)</u>	<u>35</u>
Loss before income tax		(3,275)	(1,838)
Income tax expense	8	<u>-</u>	<u>(1)</u>
Loss for the period		<u>(3,275)</u>	<u>(1,839)</u>
Other comprehensive loss:			
<i>Item that will or may be reclassified to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		<u>143</u>	<u>69</u>
Other comprehensive loss for the period, net of tax		<u>143</u>	<u>69</u>
Total comprehensive loss		<u>(3,132)</u>	<u>(1,770)</u>

Axion Ventures Inc.**Condensed Consolidated Interim Financial Statements (Unaudited)**

(Expressed in United States Dollars)

Condensed Consolidated Interim Statement of Comprehensive Income**For the Three Months Ended March 31, 2018 and 2017**

		Three months ended March 31,	
	Notes	2018	2017
		US\$'000	US\$'000
Loss for the period attributable to:			
Owners of the parent		(2,549)	(1,323)
Non-controlling interests		<u>(726)</u>	<u>(516)</u>
		<u>(3,275)</u>	<u>(1,839)</u>
Total comprehensive loss attributable to:			
Owners of the parent		(2,470)	(1,395)
Non-controlling interests		<u>(662)</u>	<u>(375)</u>
		<u>(3,132)</u>	<u>(1,770)</u>
Loss per share attributable to owners of the parent			
	9		
Loss for the period			
Basic		(3,275)	(1,839)
Diluted		(1.09 cents)	(0.49 cents)
		(1.09 cents)	(0.49 cents)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Axion Ventures Inc.**Condensed Consolidated Interim Financial Statements (Unaudited)**

(Expressed in United States Dollars)

Condensed Consolidated Interim Statement of Financial Position

As at March 31, 2018 and December 31, 2017

	<i>Notes</i>	March 31, 2018 US\$'000	December 31, 2017 US\$'000
Assets			
Non-current assets			
Intangible assets	10	8,609	7,665
Property, plant and equipment	11	798	743
FVTPL investments	12	1,501	1,521
Trade and other receivables	13	289	297
		11,197	10,226
Current assets			
Trade and other receivables	13	880	1,287
Cash and cash equivalents	14	4,245	3,699
		5,125	4,986
Total current assets		16,322	15,212
Liabilities			
Current liabilities			
Trade and other payables	15	7,256	5,218
Deferred revenue		3,621	2,835
Derivative financial instruments	16	320	-
		11,197	8,053
Net current liabilities		(6,072)	(3,067)
Non-current liability			
Convertible debentures	16	900	-
NET ASSETS		4,225	7,159
Issued capital and reserves attributable to owners of the parent			
Share capital		51,697	51,665
Foreign currency translation reserve		(528)	(605)
Share-based payment reserve		1,151	1,009
Other reserve		(21,469)	(21,469)
Accumulated losses		(25,843)	(23,320)
		5,008	7,280
Non-controlling interests		(783)	(121)
TOTAL EQUITY		4,225	7,159

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Axion Ventures Inc.

Condensed Consolidated Interim Financial Statements (Unaudited)

(Expressed in United States Dollars)

**Condensed Consolidated Interim Statement of Changes in Equity
For the Three Months Ended March 31, 2018 and 2017**

	Share capital US\$'000	Foreign currency translation reserve US\$'000	Share-based payment reserve US\$'000	Other reserves US\$'000	Accumulated losses US\$'000	Equity attributable to the owners of the parent company US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
At January 1, 2018	51,665	(605)	1,009	(21,469)	(23,320)	7,280	(121)	7,159
Comprehensive income for the period								
Loss for the period	-	-	-	-	(2,549)	(2,549)	(726)	(3,275)
Exchange difference arising on translation of foreign operations	-	77	1	-	1	79	64	143
Total comprehensive income for the period	-	77	1	-	(2,548)	(2,643)	(662)	(3,305)
Contributions by and distributions to owners								
Share-based payment expenses	-	-	178	-	-	178	-	178
Forfeiture of share options	-	-	(25)	-	25	-	-	-
Issuance of new shares	32	-	(12)	-	-	20	-	20
Total contributions by and distributions to owners	32	-	141	-	25	198	-	198
At March 31, 2018	51,697	(528)	1,151	(21,469)	(25,843)	5,008	(783)	4,225

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**Condensed Consolidated Interim Statement of Changes in Equity
For the Three Months Ended March 31, 2018 and 2017**

	Share capital US\$'000	Foreign currency translation reserve US\$'000	Share-based payment reserve US\$'000	Other reserves US\$'000	Accumulated losses US\$'000	Equity attributable to the owners of the parent company US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
At January 1, 2017	44,494	(978)	412	(21,469)	(17,055)	5,404	1,014	6,418
Comprehensive income for the period								
Loss for the period	-	-	-	-	(1,323)	(1,323)	(516)	(1,839)
Exchange difference arising on translation of foreign operations	-	(72)	-	-	-	(72)	141	69
Total comprehensive income for the period	-	(72)	-	-	(1,323)	(1,395)	(375)	(1,770)
Contributions by and distributions to owners								
Share-based payment expenses	-	-	189	-	-	189	-	189
Forfeiture of share options	-	-	(5)	-	5	-	-	-
Issuance of new shares	7,634	-	-	-	-	7,634	-	7,634
Share issue costs	(484)	-	-	-	-	(484)	-	(484)
Total contributions by and distributions to owners	7,150	-	184	-	5	7,339	-	7,339
At March 31, 2017	51,644	(1,050)	596	(21,469)	(18,373)	11,348	639	11,987

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Axion Ventures Inc.
Condensed Consolidated Interim Financial Statements (Unaudited)
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Condensed Consolidated Interim Statement of Cash Flows
For the Three Months Ended March 31, 2018 and 2017

		Three months ended March 31,	
		2018	2017
	Notes	US\$'000	US\$'000
Cash flows from operating activities			
Loss before income tax		(3,275)	(1,838)
Adjustments for:			
Depreciation of property, plant and equipment		40	16
Amortisation of intangible assets		3	26
Share-based payment		178	189
Finance income		(4)	(6)
Fair value loss on derivative financial instruments	12	311	-
		<hr/>	<hr/>
Decrease/(Increase) in trade and other receivables		414	(10)
Increase /(Decrease) in trade and other payables		1,956	(511)
Increase in deferred revenue		869	196
		<hr/>	<hr/>
Cash generated /(used) in operations		492	(1,938)
Income taxes paid		-	-
		<hr/>	<hr/>
Net cash flows used in operating activities		492	(1,938)
Investing activities			
Purchase of intangible assets	10	(929)	(755)
Purchase of property, plant and equipment	11	(66)	(83)
Addition of FVTPL investments		-	(1,506)
Interest received		4	6
		<hr/>	<hr/>
Net cash used in investing activities		(991)	(2,338)
Financing activities			
Issue of shares, net of transaction costs		20	7,150
Issue of convertible debentures, net of transaction costs	12	909	-
		<hr/>	<hr/>
Net cash flows generated from financing activities		929	7,150
		<hr/>	<hr/>
Net increase in cash and cash equivalents		430	2,874
Cash and cash equivalents at the beginning of the period		3,699	7,166
Exchange difference on cash and cash equivalents		116	66
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period		4,245	10,106

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2018 and 2017

1. General information

Axion Ventures Inc. ("Axion Ventures" or the "Company") was incorporated under the British Columbia Business Corporations Act on June 21, 2011, is domiciled in Canada and was originally classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange ("TSX-V" or "Exchange").

On December 2, 2011, the shares of the Company commenced trading under the symbol "CSP.P". The principal business of the Company was the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction as defined under the policies of the TSX-V ("QT"). On March 24, 2014, the Company moved from the TSX-V to the NEX board of the TSX-V trading under the symbol "CSP.H".

On May 11, 2016, the Company completed its Qualifying Transaction as particularly described in its TSX-V filing statement previously filed with Canadian regulatory authorities. As a result of the completion of the Qualifying Transaction, the Company ceased to be a CPC, and following receipt of final Exchange approval, the Company was listed as a Tier 2 Investment Issuer on the Exchange on May 18, 2016 under the symbol "CSP".

On November 1, 2016, the Company was approved for graduation from Tier 2 Investment Issuer to Tier 1 Investment Issuer status by the TSX-V. With the graduation to a Tier 1 listing, the common shares of the Company previously deposited into escrow pursuant to the rules of the TSX-V will be governed by the release provisions of Tier 1 Issuer's escrow.

On March 9, 2017, the Company changed its name from "Capstream Ventures Inc." to "Axion Ventures Inc." and effective from March 10, 2017, the Company's common shares traded under the new name and new symbol "AVX" on the TSX-V.

Axion Ventures becomes an investment issuer focused on investments in the online video gaming and other IT sectors after the completion of Qualifying Transaction.

The address of the Company's corporate office and principal place of business is 530 – 625 Howe Street, Vancouver, British Columbia, V6C 2T6, Canada.

These condensed consolidated interim financial statements for the three months ended March 31, 2018 and 2017 were authorized for issue by the Board of Directors of the Company on May 30, 2018.

2. Statement of compliance and basis of presentation

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") incorporating interpretations issued by the IFRS Interpretations Committee ("IFRICs"), applicable to preparation of interim financial statements including International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with IFRS as issued by the IASB have been condensed or omitted. These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017.

The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2017 except for the adoption of the new and amended IFRSs as disclosed in note 3.

Axion Ventures Inc.

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Notes to the Condensed Consolidated Interim Financial Statements For the Three Months Ended March 31, 2018 and 2017

2. Statement of compliance and basis of presentation (continued)

These condensed consolidated interim financial statements are presented in in thousands of United States Dollars (“US\$”), unless otherwise stated

3. Applications of new and amended IFRSs

On January 1, 2018, the Company and its subsidiaries (collectively referred to as the “Group”) adopted the following new and amended IFRSs:

IFRS 9 - Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income (“FVTOCI”) if the objective of the entity’s business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss (“FVTPL”). The Group has assessed that its financial assets currently measured at amortised cost and will continue with their respective classification and measurements upon the adoption of IFRS 9.

With respect to the Group’s financial assets currently classified as “available-for-sale”, these are investments in equity investments which the Group may classify as either FVTPL or irrevocably elect to designate as FVTOCI (without recycling) on transition to IFRS 9. The Group elected to recognise any fair value changes in respect of all the available-for-sale equity investments in FVTPL as they arise. This will give rise to a change in accounting policies as before adopting IFRS 9, the Group only recognised the identified impairment for available-for-sale equity investments measured at cost in profit or loss. Accordingly, for those available-for-sale are measured at cost less any identified impairment losses at the end of the reporting period, this change in policy had impact on the Group’s net assets and total comprehensive income, and increased volatility in profit or loss in the current period.

The new impairment model in IFRS 9 replaces the “incurred loss” model in IAS 39 with an “expected credit loss” model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either a 12-month expected credit loss or a lifetime expected credit loss, depending on the asset and the facts and circumstances. This new impairment model resulted in an earlier recognition of credit losses on the Group’s trade receivables and other financial assets.

IFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 supersedes existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

Axion Ventures Inc.

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Notes to the Condensed Consolidated Interim Financial Statements For the Three Months Ended March 31, 2018 and 2017

3. Applications of new and amended IFRSs (continued)

IFRS 15 requires the application of a 5-steps approach to revenue recognition:

Step 1:	Identify the contract(s) with a customer
Step 2:	Identify the performance obligations in the contract
Step 3:	Determine the transaction price
Step 4:	Allocate the transaction price to each performance obligation
Step 5:	Recognize revenue when each performance obligation is satisfied

IFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under IFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue. The amendments to IFRS 15 also included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of IFRS 15 did not have significant impact on the revenue recognized in the condensed consolidated interim financial statements of the Group during the period.

4. Revenue

	Three months ended March 31,	
	2018	2017
	US\$'000	US\$'000
Outsourcing	623	641
Licensing	30	48
Game operation	513	668
Training	52	43
	<u>1,218</u>	<u>1,400</u>

5. Segment information

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is defined on the basis of the internal management reporting information that is provided to and regularly reviewed by the executive directors in order to allocate resources and assess performance of the segment. During the period, executive directors regularly review revenue and operating results derived from outsourcing, licensing, game operation and training consider as one single operating segment.

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Notes to the Condensed Consolidated Interim Financial Statements
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5. Segment information (continued)

The Group's revenue from external customers and information about its non-currents assets by geographical location are detailed below.

	Three months ended March 31, 2018 US\$'000	2017 US\$'000
By country/region		
China	1,110	1,064
Rest of the world	108	336
	<u>1,218</u>	<u>1,400</u>
Total revenue	<u>1,218</u>	<u>1,400</u>
	March 31, 2018 US\$'000	December 31, 2017 US\$'000
By country/region		
Canada	997	1,022
China	8,071	7,352
Rest of the world	2,129	1,852
	<u>11,197</u>	<u>10,226</u>
Non-current assets	<u>11,197</u>	<u>10,226</u>

6. Expenses by nature

	Three months ended March 31, 2018 US\$'000	2017 US\$'000
Amortisation of intangible assets^	3	26
Depreciation of property, plant and equipment*	40	16
	<u>43</u>	<u>42</u>
Employee benefit expenses (Note 10)		
Operating lease expense – land and buildings	303	229
Provision for bad debts	1	-
	<u>1</u>	<u>-</u>

Axion Ventures Inc.**Condensed Consolidated Interim Financial Statements (Unaudited)**

(Expressed in United States Dollars)

**Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2018 and 2017****6. Expenses by nature (continued)**

^ Amortisation expenses of US\$687 (three months ended March 31, 2017: US\$13,700), US\$316 (three months ended March 31, 2017: US\$1,046), US\$1,875 (three months ended March 31, 2017: US\$10,718) and US\$524 (three months ended March 31, 2017: US\$1,159) have been included in cost of sales, research and development expenses, general and administrative expenses and capitalisation of intangible assets respectively.

* Depreciation expenses of US\$3,397 (three months ended March 31, 2017: US\$4,424), US\$1,021 (three months ended March 31, 2017: US\$2,149), US\$34,892 (three months ended March 31, 2017: US\$9,562) and US\$1,821 (three months ended March 31, 2017: US\$2,815) have been included in cost of sales, research and development expenses, general and administrative expenses and capitalisation of intangible assets respectively.

7. Employee benefit expenses

	Three months ended March 31,	
	2018	2017
	US\$'000	US\$'000
Employee benefit expenses (including directors) comprise:		
Wages and salaries	2,095	1,551
Social welfare costs	519	443
Share-based payment expense	233	254
Other benefits	40	38
	2,887	2,286

8. Income tax expenses

The tax charge on loss comprises:

	Three months ended March 31,	
	2018	2017
	US\$'000	US\$'000
Current tax		
Corporation China tax		
- Under provision in respect of prior years	-	1
	-	1
Income tax expense	-	1

Taxation on profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the company operates.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2018 and 2017

9. Loss per share

The calculation of basic and diluted loss per share is based on the following data:

	Three months ended March 31, 2018 US\$'000	2017 US\$'000
Numerator		
Loss for the year and loss used in basic and diluted EPS	<u>3,275</u>	<u>1,839</u>
Denominator		
Weighted average number of ordinary shares used in basic and diluted loss per share	<u>234,585,534</u>	<u>232,972,450</u>

The Company has a number of share options and warrants in issue which have not been included in the diluted loss per share calculation, due to their anti-dilutive effect.

10. Intangible assets

During the period, additions to intangible assets by acquisition and capitalisation in respect of development costs amounted to approximately US\$929,000 (three months ended March 31, 2017: US\$755,000).

During the period, no intangible assets were disposed (three months ended March 31, 2017: US\$nil).

11. Property, plant and equipment

During the period, the Group acquired property, plant and equipment of approximately US\$66,000 (three months ended March 31, 2017: US\$83,000).

During the period, no property, plant and equipment were disposed (three months ended March 31, 2017: US\$nil).

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12. FVTPL investments

	March 31, 2018 US\$'000	December 31, 2017 US\$'000
Unlisted equity investments:		
Innovega Inc.	-	-
Red Anchor Trading Corp.	1,501	1,521
	<u>1,501</u>	<u>1,521</u>

13. Trade and other receivables

	March 31, 2018 US\$'000	December 31, 2017 US\$'000
Trade receivables	165	549
Less: provision for impairment of trade receivables	<u>(1)</u>	<u>-</u>
Trade receivables - net	164	549
Loan to a related company (Note)	<u>289</u>	<u>297</u>
	453	846
Total financial assets other than cash and cash equivalents classified as loans and receivables		
Deposits	275	263
Prepaid expenses	309	71
Other receivables	90	267
Amounts due from related companies	15	87
Advances to employees	<u>42</u>	<u>50</u>
Total trade and other receivables	1,169	1,584
Less: Non-current portion – Loan to a related company	<u>(289)</u>	<u>(297)</u>
Current portion	<u>880</u>	<u>1,287</u>

Management considers that the fair values of trade and other receivables are not materially different from their carrying amounts because these balances have short maturity periods at inception.

Note:

Loan to a related party represented a Red Anchor (Thailand) Co., Ltd., a limited company organised and existing under Thai law, which holds an 11% equity interest in True Axion Interactive Ltd., before the Thailand Board of Investment status approved. The balance due is unsecured, interest-bearing at 6% per annum and repayable in year 2020.

As at March 31, 2018, the Group had provision for impairment on trade receivables amounted to approximately US\$1,000 (December 31, 2017: US\$nil).

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14. Cash and cash equivalents

	March 31, 2018 US\$'000	December 31, 2017 US\$'000
Cash at banks	4,153	3,639
Short term bank deposits	92	60
	<u>4,245</u>	<u>3,699</u>

Management considered that the fair value of the short-term bank deposits was not materially different from their carrying amount because of the short maturity period at inception.

15. Trade and other payables

	March 31, 2018 US\$'000	December 31, 2017 US\$'000
Trade payables	95	306
Amounts due to related companies	1,540	378
Accrued salaries and benefits	2,015	1,866
Other tax liabilities	713	778
Advance from customers	2,025	899
Accrued expenses	266	343
Other payables	602	648
	<u>7,256</u>	<u>5,218</u>

All balances are unsecured, interest-free and repayable on demand.

All amounts are short-term and hence the carrying values of the Company's trade and other payables are considered to be a reasonable approximation of their fair values.

16. Derivative financial instruments and convertible debentures

On March 2, 2018, the Company closed a non-brokered private placement of convertible debentures in the principal amount of approximately US\$909 thousand (the "Debentures"). The Debentures are convertible into common shares of the Company at a conversion price of C\$0.93 per Share. The Debentures mature two years from the date of the closing and bear interest at the rate of 15% per annum, payable semi-annually in shares with the number of shares determined at the market price (as defined in the policies of the TSX-V) on the applicable interest payment date, unless the holder elects not to convert the interest into shares in which case the interest shall be calculated at a rate of 8% per annum and paid in cash.

Management considers the Debentures issued during the period as hybrid instruments with main debt contract and embedded derivatives options. the Issuer's Call Option and the Holders' Conversion and Put Option are considered by management as derivatives financial instruments in current liabilities measured at fair value through profit or loss.

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For the Three Months Ended March 31, 2018 and 2017

17. Related party transactions

The Company entered into the following related party transactions during the period.

Income in the period:

	Three months ended March, 31	
	2018	2017
	US\$'000	US\$'000
Outsourcing services fee received from Epic Games International Ltd, a shareholder of a subsidiary	38	75
Receivables:		
	March 31,	December
	2018	31, 2017
	US\$'000	US\$'000
Red Anchor (Thailand) Co., Ltd., a company controlled by the major shareholders	289	297
Epic Games International Ltd, a shareholder of a subsidiary	-	72
Coherent Ltd., a company controlled by the shareholder of a subsidiary	15	15
	304	384
Payables:		
	March 31,	December
	2018	31, 2017
	US\$'000	US\$'000
Epic Games International Ltd	224	224
Coherent Ltd.	82	82
Cern One Ltd. a company controlled by the shareholder of a subsidiary	1,120	-
True Digital Plus Co., Ltd. a company controlled by the shareholder of a subsidiary	113	71
Pantavanij Co., Ltd. a company controlled by the shareholder of a subsidiary	1	-
True Distribution & Sales Co., Ltd. a company controlled by the shareholder of a subsidiary	-	1
	1,540	378

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2018 and 2017

18. Operating leases

The Group as a lessee

The Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases as at the reporting date as follows:

	March 31,	Land and buildings
	2018	December 31,
	US\$'000	2017
		US\$'000
Not later than one year	1,082	1,083
Later than one year and not later than five years	631	809
	<u>1,713</u>	<u>1,892</u>
Total future minimum lease payments	<u>1,713</u>	<u>1,892</u>

The Group leases a number of properties under operating leases. The leases run for an initial period of one to five years, with an option to renew the lease and renegotiate the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords/lessors. None of the leases include contingent rentals.

19. Events after the reporting date

Shareholder loan

On May 11, 2018, the Company entered into a shareholder loan with Red Anchor Trading Corp., whereby Red Anchor Trading Corp. loaned the Company US\$1,025 thousand to fund ongoing expenses. The loan is unsecured, non-interest bearing, and payable on demand. Red Anchor Trading Corp. is controlled by Mr. Todd Bonner's spouse, Nithinan Boonyawattapisut.

Shares issued in connection with finder's warrants

The Company issued 1,000,000 share purchase warrants ("finder's warrants") with an exercise price of C\$0.25, as a finder's fee for the investment in Axion Games Limited on May 11, 2016. Each finder's warrant is exercisable into one common share of the Company and will expire two years from the date of issuance. On May 11, 2018, these finder's warrants had been fully exercised.