



AXION VENTURES ANNOUNCES CORPORATE UPDATE AND CONVERTIBLE DEBENTURE FINANCING

VANCOUVER, BRITISH COLUMBIA, August 22, 2019 - Axion Ventures Inc. (“Axion Ventures” or the “Company”) (TSX VENTURE: AXV; OTCQX: AXNVF) is pleased to announce the following corporate update pertaining to its video game portfolio including its flagship video game, Rising Fire, which is under a distribution partnership with Tencent Holding Limited’s (HKG: 0700) (OTC: TCEHY) (“Tencent”).

Summary:

- Rising Fire continually improves and is moving closer to full commercial launch
- Co-development deal signed with a leading global video game developer on favorable terms
- Multiple distribution contracts are in negotiation for commercial launch of Invictus: Lost Soul
- Closing a Convertible Debenture of US\$1,375,000

Rising Fire

After five years of development and testing, Rising Fire is in the late stages of being ‘tuned to the market’ in open-beta release by Tencent. Rising Fire represents over 800 man-years of development and management is confidently expecting that full commercial launch is approaching.

“Axion has experienced a thorough tuning process working towards a commercial launch that is typical of the video game industry. As an analogue, one of Tencent’s current games, Crossfire, was subjected to an almost 24 month ‘tuning to market’ process prior to full commercial launch. Crossfire is now in its 10th year of revenue generation and is Tencent’s highest grossing lifetime video game. The scope, size, and potential of Rising Fire are reflected in the amount of time that Axion and Tencent have attributed to ensuring the programmed success of the game at commercial launch,” said Todd Bonner, CEO of Axion Ventures.

“After the delivery of Rising Fire ‘Season 1’ in June of 2019, Tencent began testing the June delivery in late July. As a result, the game took a major step towards our expected outcome and management is optimistic that a fully marketed commercial launch will commence in China in the near future. Management is also in late-stage discussions with multiple publishers in various jurisdictions to launch Rising Fire, which we expect to be announced shortly,” added Mr. Bonner.

The rate of capital expenditure that has been invested in Rising Fire over the last five years should decline materially as the video game is largely complete and hence past its peak funding phase.

Co-Development Deal

As announced on July 22, 2019, Axion entered into a major co-development contract for a new video game that will require a re-allocation of developers and capital. As a part of the contract, Axion will realize revenue from their partner for development work completed and the first revenue billing from the co-development project will be paid to Axion upon the completion of the game prototype, expected by the end of September.

“Axion has been developing a portfolio of video games for the last seven years during which we utilized the Company’s revenues and resources to fund the expansion of a deep IP portfolio perhaps unrivalled by any independent studio in Asia. This capability was recognized by our partner in the new IP ownership project, which provides our Company with a fiscally sound model to leverage the prowess of the partner’s global leadership as an IP creator while the majority of the development costs shall be underwritten by the partner. As a Company, we are reaching an inflection point where our major games are reaching commercial launch and will enter an exciting and rewarding monetization phase for the Company, and we have since been approached by several other leading studios to form similar co-development partnerships,” added Todd Bonner, CEO of Axion Ventures.



Invictus: Lost Soul

After a very successful open beta launch in May 2019 of the Company's first mobile game, the retention numbers that were generated during this period were highly encouraging and, as such, gained the attention from multiple distribution partners globally. The Company is currently fine tuning the game and adding new content, such as armour, weapons, skins, and emotes, and monetization mechanics while engaged actively in multiple negotiations for wide-scale distribution.

"Invictus: Lost Soul cost just US\$1.4M to develop and the retention metrics that we have encountered from the beta release firmly indicate a major industry hit. We are extremely confident that it is a formative example of our value as a studio by way of generating substantial returns on our investment and the creation of a portfolio of video game IP ownership," said Todd Bonner, CEO of Axion Ventures.

Convertible Debenture

The Company recently announced a shareholder loan of US\$873,000 (see news release dated August 16, 2019) to provide capital for growth and on-going expenses. The majority of expenses are attributed to the Company's 2,000+ man year portfolio that continues to grow and gain traction with major video game distributors.

Axion further announces that it has closed a non-brokered private placement (the "**Financing**") of convertible debentures (each, a "**Debenture**"), pursuant to which it has issued Debentures in the principal amount of US\$1.375 million. The Debentures are convertible into common shares (each, a "**Share**") of the Company at a conversion price of CDN\$0.90 per Share. The Debentures mature one (1) year from the date of the closing of the Financing (the "**Maturity Date**") and bear interest (the "**Interest**") at the rate of 10% per annum.

At any time after the issue date, the then outstanding principal amount may be prepaid in whole or in part upon payment from the Company to the holder of an early repayment penalty amount equal to 120% of the outstanding principal (which amount includes payment of any accrued and unpaid Interest). The holder has the option to exercise the holder's rights of conversion for a period of 30 days after receipt of notice from the Company regarding prepayment.

The proceeds of the Financing will be used for funding the Company's portfolio companies and for general working capital. The Company did not pay any finder's fees in connection with the Financing. The securities issued in connection with the closing of the Financing are subject to a restricted period that expires on December 23, 2019. The Financing is subject to final TSXV approval.

Comprehensive Portfolio Update: October 2019

Management is also expecting to provide a full corporate update to shareholders in October.

About Axion Ventures

Axion Ventures is an Investment Issuer with majority ownership in Axion Games, an online video game development and publishing company headquartered in Shanghai, China as well as in True Axion Interactive Ltd., its video game development company headquartered in Bangkok, Thailand cofounded with True Corporation. Axion Ventures also maintains holdings in other innovative technology companies.

www.axionventures.com

Axion Ventures Inc. is listed on the TSX Venture Exchange under the symbol (TSXV: AXV).

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Contact Information

Axion Ventures Inc.

John Todd Bonner
Chief Executive Officer
(604) 219-2140

Matthew Sroka
VP Capital Markets
(604) 219-2140

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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 the Company’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: commercial launch of Rising Fire in China in Q4 2019; publisher negotiations and related announcements; prototype delivery in September 2019; and use of proceeds from the 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 the Company. 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: general economic and business conditions; regulatory approval; and changes in regulatory regime. The Company 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 the Company 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.

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