MANAGEMENT DISCUSSION AND ANALYSIS

RewardStream Solutions Inc. (“RewardStream” or the “Company”)

Six month period ended March 31, 2017

Dated – May 30, 2017

This management’s discussion and analysis (MD&A) was prepared in accordance with National Instrument 51-102, Continuous Disclosure Obligations, and should be read in conjunction with the audited financial statements and accompanying notes for the year ended September 30, 2016 and with the condensed interim financial statements for the six months ended March 31, 2017. These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and are reported in Canadian dollars.

Certain information included in this MD&A contains forward-looking statements or forward-looking information within the meaning of applicable Canadian securities laws, including, without limitation, in respect of the Company’s priorities, plans and strategies and the Company’s anticipated financial and operating performance and prospects. All statements and information, other than statements of historical fact, included in or incorporated by reference into this MD&A are forward-looking statements and forward-looking information, including, without limitation, statements regarding activities, events or developments that we expect or anticipate may occur in the future. Such forward-looking statements and information can be identified by the use of forward-looking words such as "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue" or similar words and expressions or the negative thereof. There can be no assurance that the plans, intentions or expectations upon which such forward-looking statements and information are based will occur or, even if they do occur, will result in the performance, events or results expected.

We caution readers of this MD&A not to place undue reliance on forward-looking statements and information contained herein, which are not a guarantee of performance, events or results and are subject to a number of risks, uncertainties and other factors that could cause actual performance, events or results to differ materially from those expressed or implied by such forward-looking statements and information. These factors include: the Company’s ability to raise additional financing through debt, equity or other form of financing; the ability to retain or add customers, complete product development plans, retain key staff; changes in priorities, plans, strategies and prospects; general economic, industry, business and market conditions; changes in law; the ability to implement business plans and strategies, and to pursue business opportunities; rulings by courts or arbitrators, proceedings and investigations; disruptions or changes in the credit or securities markets; inflationary pressures; challenges such as lawsuits, to the intellectual property of the Company; and various other events, conditions or circumstances that could disrupt RewardStream’s priorities, plans, strategies and prospects. Readers are cautioned that all forward-looking statements and information involve risks and uncertainties. RewardStream undertakes no obligation to publicly release the results of any revisions to forward-looking statements and information that may be made to reflect events or circumstances after the above-stated date or to reflect the occurrence of unanticipated events.

OVERVIEW

RewardStream is a provider of Software as a Service ("SaaS") marketing technology through its Spark System (the "Spark System") product. The Spark System allows RewardStream's clients to operate marketing programs that acquire, engage, optimize, and retain customers and sales channels. The Spark System lets marketers combine all types of referrals, such as email, mobile, social or word-of-mouth, with a powerful mix of software, promotion, and management tools into customer acquisition strategies. The Spark System makes it fast and easy for companies to engage and convert customers, activate employees, and mobilize brand influencers to spread the word about offers to friends and family.

The Company was incorporated under the laws of British Columbia on March 23, 1999 and continued under the Canada Business Corporations Act on December 22, 1999. RewardStream continued to a British Columbia Corporation under the Business Corporations Act (British Columbia) and changed its name to RewardStream Solutions Inc. on October 22, 2015.

On July 28, 2016, the Company completed an amalgamation with Musgrove Minerals Corp. ("Musgrove") a publicly traded company on the TSX Venture Exchange (the "Exchange"), to form a single amalgamated company (the "Amalgamation"). In connection with the Amalgamation, Musgrove completed a private placement, in two tranches, for gross proceeds of $2.028 million. 20,000,004 common shares of the Company were exchange for the 12,813,235 outstanding common shares of private company, RewardStream. The shareholders of Musgrove received 15,151,659 shares of the Company for the 30,303,365 outstanding common shares of Musgrove. 233,555 warrants of the Company were exchanged for the 149,715 outstanding warrants of the private company, RewardStream. The warrant holders of Musgrove received 4,427,370 warrants of the Company for the 8,854,740 outstanding warrants of Musgrove. RewardStream cancelled all outstanding stock options on Amalgamation and Musgrove had no options outstanding immediately prior to the Amalgamation. On August 4, 2016, the Company commenced trading on the Exchange under the symbol REW.

NEW DIRECTION

Over the past 18 months, RewardStream has shifted its business model from primarily a one-time sale – the Source Code business segment - and professional services model - Loyalty business segment - to a higher margin, scalable, recurring, SaaS model – Referral business segment. The Company believes that the SaaS business model is more sustainable and has greater potential for growth and profitability. A SaaS business model has more predictable revenues with the ability to increase customers and revenue with a lower relative fixed cost resulting in higher margins. Salesforce.com (NYSE: CRM), Hubspot (NYSE: HUBS), and Marketo are all examples of SaaS businesses in the sales and marketing industries. For the 12 months ending March 31, 2017, revenue for the Referral business segment has increased by 3% compared to the same 12 month period in the prior year. See figure 1 below.

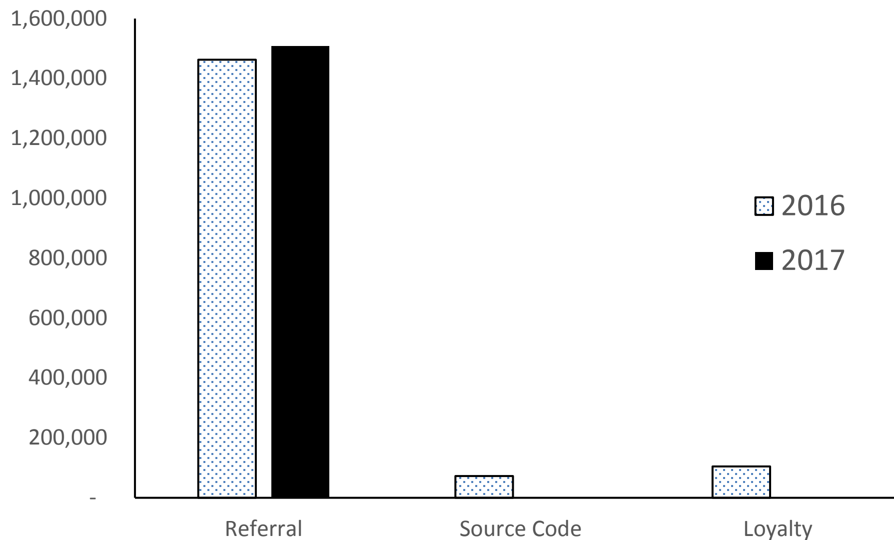

Figure 1 - Revenue by segment: 12 months trailing March 31

RewardStream has demonstrated the benefit of referral marketing through its success with large scale, enterprise customers. RewardStream's management believes that significant growth can occur through integration of the Spark product with existing small and medium size enterprises (SMEs) in the e-Commerce, marketing automation, and membership management systems. These systems currently serve millions of existing customers. For example, the largest 5 e-Commerce platforms provide online store solutions for well over 3 million businesses around the world, and integrations with these platforms can make the RewardStream system available to these businesses. These customers can benefit by having RewardStream's platform available to them as an add-on to their current platform. The Company has completed integrations into 2 e-commerce platforms - Magento, Woo Commerce – and is working on a third integration. RewardStream has completed the initial technical and product work required to enable this new customer type, and has begun to prove the market with early customers. RewardStream intends to continue to pursue these integrations and benefit from the distribution channels that are available on these platforms.

Part of the use of proceeds from the Amalgamation is to expand marketing and sales efforts, scale product and support functions with the intention of increasing revenues and becoming profitable. The SaaS approach coupled with the expansion into new markets, such as e-commerce, is expected to shorten the sales cycle, lower the costs of customer acquisition, increase recurring revenue and margins. The additional funds from the Amalgamation have begun to impact the ability for the Company to accelerate its sales and marketing efforts. For example, in the six months ended March 31, 2017, the Company has closed over 3 times the number of new customer contracts compared to the prior year; the majority of these closes coming from small and medium sized enterprises. (see figure 2 below). Despite the increase in closed customer contracts, the lower revenue for the current periods partially reflects the Company's focus on a higher volume, lower revenue customer. The Company expects that the higher volume of customers will, in due course, result in an increase in revenue.

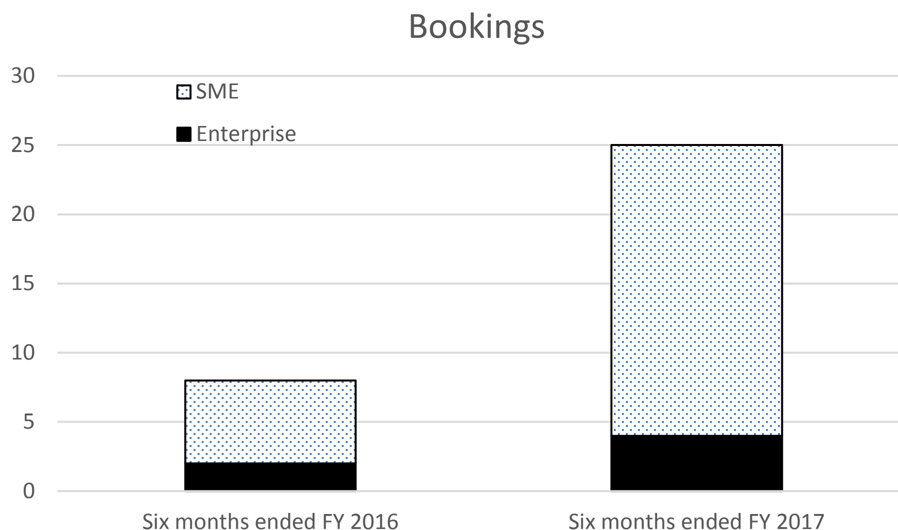

Figure 2 - # of contracts closed in the 6 months ended for fiscal years 2016 and 2017

COMPANY HIGHLIGHTS

In the six months ended of fiscal 2017, the Company completed the following objectives:

- Signed first European customer
- Completed major software infrastructure and architecture improvements. These improvements provided new product features for clients, and are expected to reduce costs and allow greater capacity for customer growth
- Implemented lead generation campaigns directed at e-commerce businesses
- Closed financing of just under $800,000
- Added public company technology executive to the board of directors

MAIN PERFORMANCE INDICATORS

Management considers that the main indicators of the Company's performance are the following: revenue, gross profit, net and comprehensive income/loss, EBITDA and adjusted EBITDA. EBITDA and Adjusted EBITDA are provided as a supplementary earnings measure to assist readers in determining the ability of the Company to generate cash from operations and to cover financial charges. They are also widely used for business valuation purposes. These measures do not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. EBITDA is defined as earnings before interest, income taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA to which the Company adds stock-based compensation and other one-time items that do not impact cash flows of the Company. The Company believes that EBITDA and adjusted EBITDA are a means to better communicate the results of operations that are more reflective of cash flows.

OVERALL PERFORMANCE

Revenues have decreased by 16% to $709,097 for the six months ended March 31, 2017 compared to $841,969 for the same period in 2016. Revenues decreased by 14% to $349,177 for the three months ended March 31, 2017 compared to $405,660 for the same period in 2016. Cost of sales have decreased by 28% to $262,056 in the six months ended March 31, 2017 from $363,214 in the same period in 2016. Cost of sales decreased by 39% or $74,934 for the three months ended March, 31, 2017 compared to the 3 months ended March 31, 2016. Gross profit decreased by 7% to $447,041 from $478,755 for six months ended 2017 and 2016, respectively. Gross profit increased to $234,264 for the three months ended March 31, 2017 compared to $215,813 for the same period in the prior year.

Operating expenses decreased by $65,658 or 4% in six months ended March 31, 2017 compared to the same period in 2016. Operating expenses increased by $168,244 for the 3 months ended March 31, 2017, compared to the three months ended March 31, 2016.

Net and comprehensive loss decreased by $61,359 or 6%, EBITDA increased by 4% or $41,208, Adjusted EBITDA decreased by $496,011 or 119% in the six months ended March 31, 2017 compared to the same period in 2016. In the three months ended March 31, 2017, net and comprehensive loss increased by $145,174, EBITDA decreased by 56% or $152,630 and Adjusted EBITDA decreased by $135,930 or 53% compared to the three months ended March 31, 2016.

Total assets decreased by $366,589 or 25% and working capital decreased by $155,361 for the six months ended March 31, 2017.

	For the three months ended:		**For the six months ended:**	
	March 31, 2017 (unaudited)	**March 31, 2016 (unaudited)**	**March 31, 2017 (unaudited)**	**March 31, 2016 (unaudited)**
Revenue	349,177	405,660	709,097	841,969
Gross profit	234,264	215,813	447,041	478,755
Net loss and comprehensive loss	(433,522)	(288,348)	(989,312)	(1,050,671)
EBITDA	(423,540)	(270,910)	(967,175)	(1,008,383)
Adjusted EBITDA	(394,088)	(258,158)	(913,797)	(417,786)
Basic and diluted loss per share	(0.01)	(0.03)	(0.07)	(0.03)

Reconciliation of EBITDA and adjusted EBITDA

	For the three months ended:		For the six months ended:	
	March 31, 2017	**March 31, 2016**	**March 31, 2017**	**March 31, 2016**
Net loss and comprehensive loss	(433,522)	(288,348)	(989,312)	(1,050,671)
Interest	2,616	15,061	7,404	37,642
Depreciation	7,366	2,377	14,733	4,646
EBITDA	(423,540)	(270,910)	(967,175)	(1,008,383)
Share-based compensation	29,452	12,752	53,378	590,597
Adjusted EBITDA	(394,088)	(258,158)	(913,797)	(417,786)

Revenues

Revenue decreased by 16% or $132,872 in the six months ended March 31, 2017 and $56,483 or 14% in the three months ended March 31, 2017 compared to the same respective periods in 2016. The decrease in revenue for the six months ended March 31, 2017 compared to the same period of the prior year is partially due to the ending of the Loyalty and Source Code business segments, one-time revenues that occurred in the six months ended March 31, 2016 and customer churn. Only 12% of the total revenue change, or just over $15,000, was due to customer churn for the 6 months ended March 31, 2017.

Gross profit and cost of sales

The Company's cost of sales decreased by $101,158 or by 28% and its gross profit decreased by 7% or by $31,714 in the six months ended March 31, 2017 compared to the same period in 2016. In the three months ended March 31, 2017, cost of sales decreased by 39% and gross profit increased by 9% or $18,451 compared to the same period in the prior year. The cost of sales has declined due to the Company reducing its fixed costs such as salaries and hosting expenses for the three and six months ending March 31, 2017. For example, the Company reduced hosting costs by over $30,000 in the three months ended March 31, 2017 compared to the same period in the prior year. The Company has also reduced salary expenses due to the shift to the Referral business segment and the lower overhead required to manage that segment compared to the Loyalty and Source Code segments.

Operating expenses

Operating expenses decreased during the six months ended March 31, 2017 by $65,658 compared to the same period in 2016. A significant reason for the decline in operating expenses for the 6 months ended March 31, was due to the decrease in share-based expenses. The share-based compensation expense for the six months ended March 31, 2016 was mainly due to the Company exchanging 2,154,500 stock options for 767,286 common shares of the Company to certain stock option holders in the first quarter of fiscal year 2016. During the three months ended March 31, 2017, operating expenses increased by $168,244 compared to the same three month period in the prior year. There was an increase of over $239,439 of sales and marketing expenses for the six months ended March 31, 2017 compared to the same period in the prior year. The increase in sales and marketing expenses for the 3 months ended March 31, 2017 was $64,894 compared to the same period of the prior year. The increases in both these periods was mainly

due to the expenditures the Company made to raise awareness of its products and services. Expenses on Research and Development ("R&D") are net of projected tax credits. The projected tax credits are accrued during the year based on management's estimates of amounts that that are expected to be received. Management adjusts these estimates throughout the year. The recording of the type of tax credit that reduces R&D expenses can only be claimed as a private company. Due to the Amalgamation, the Company could only claim this type of tax credit until the date of the Amalgamation and thus was not able to claim this tax credit for the periods ended March 31, 2017. This accounts for the appearance of relatively low R&D expenses for the 3 and 6 months ended March 31, 2016, when this type of tax credit was claimable. R&D expenditures in the 6 months ended March 31, 2017 and 2016, without considering the effect of the tax credits, were $230,625 compared to $283,778, respectively. R&D expenditures in the 3 months ended March 31, 2017 and 2016, without considering the effect of the tax credits, were $116,269 compared to $150,257, respectively. The reduction in expenses for both periods reflect the reduction in product management resources for the Referral product during this period. The Company had an increase in general and administrative expenses of over $19,000 in the 6 months ended March 31, 2017 compared to the same period in 2016. This increase for 6 months ended March 31, 2017 was related to fees and travel costs related to the Company seeking business development opportunities in Europe that occurred in the first quarter of fiscal year 2017. General and administrative expenses declined by over $19,000 in the 3 months ended March 31, 2017 compared to the same period in the prior year. The decline in general and administrative expenses for the 3 month period ended March 31, 2017 was due to lower rent and other overhead.

Net and comprehensive loss

During the six months ended March 31, 2017 the net loss and comprehensive loss decreased by $61,359 compared to same period in 2016. The Company's net loss and comprehensive loss increased by $145,174 during the three months ended March 31, 2017 compared to the same period in 2016. The net loss and comprehensive loss change for both the three and six month periods were due to the net changes in the factors as described above.

EBITDA

EBITDA increased by $41,208 and decreased by $152,630 in the six and three months ended March 31, 2017, respectively, compared to the same periods in the prior year. For the six months ended, March 31, 2017 the change in EBITDA is impacted by the large change in share-based expense as discussed above. The change in EBITDA for the three months ended March 31, 2017 was mainly due to the increase in sales and marketing spend and the relative change of research and development spend when considering the tax credit.

Adjusted EBITDA

Adjusted EBITDA decreased by $496,011 during the six months ended March 31, 2017 and by $135,930 for the three months ended March 31, 2017 compared to the same periods in the prior years. The majority of the changes in adjusted EBITDA are due to an increase in sales and marketing spend and the change in research and development expenses due to the tax credit for research and development being available.

The table below removes the tax credit from the three and six months ended 2016 to reflect a better comparative spend.

	For the three months ended:			For the six months ended:		
	March 31, 2017	**March 31, 2016**	**Change**	**March 31, 2017**	**March 31, 2016**	**Change**
Gross margin	234,264	215,813	18,451	447,041	478,755	(31,714)
EXPENSES						
Sales and marketing	206,703	141,809	64,894	499,004	259,565	239,439
General and administrative	299,088	318,577	(19,489)	631,814	611,850	19,964
Research and development	116,269	**150,257**	**(33,988)**	230,625	**283,778**	**(53,153)**
	622,060	610,643	11,417	1,361,443	1,155,193	206,250
Loss	(387,796)	(394,830)	**7,034**	(914,402)	(676,438)	**(237,964)**

As can be seen in the table above, the majority of the changes in adjusted EBITDA are due to the increase in sales and marketing expenses and the change to the research and development tax credit.

Assets

The Company’s assets declined by $366,589 during the six months ended March 31, 2017. The change in assets was partially a result of a reduction in the investment tax credits receivable, which was due to the receipt of this tax credit in cash in the period and that the Company can no longer accrue for this tax credit as a public company.

INTERIM QUARTERLY HIGHLIGHTS

For the quarter ended:	**March 31, 2017**	**December 31, 2016**	**September 30, 2016**	**June 30, 2016**
Revenue	349,177	359,920	375,493	424,498
Gross profit	234,264	212,777	234,206	260,409
Net and comprehensive loss	(433,522)	(555,790)	(2,837,414)	(830,598)
Loss per share - basic and diluted	(0.01)	(0.01)	(0.09)	(0.07)
Weighted average number of shares - basic and diluted	39,133,833	38,657,069	30,678,082	12,107,100

For the quarter ended:	**March 31, 2016**	**December 31, 2015**	**September 30, 2015**	**June 30, 2015**
Revenue	405,660	436,309	370,236	427,542
Gross profit	215,813	262,942	212,875	239,045
Net and comprehensive loss	(288,348)	(762,323)	(2,103,484)	(228,875)
Loss per share - basic and diluted	(0.03)	(0.07)	(0.23)	(0.03)
Weighted average number of shares - basic and diluted	11,479,863	10,820,683	8,952,794	8,137,577

LIQUIDITY

Liquidity is the risk of the Company not being able to meet its financial obligations as they become due. The Company manages its liquidity risk through budgeting, ongoing management and forecasting of operating cash flows, reviews of trade receivables, management of cash, and use of equity financings when appropriate.

The Company is primarily reliant on payment from customers to meet its financial obligations. The Company extends credit to its customers by typically allowing payment terms of 30 days on issuance of an invoice. There are risks that a customer will not pay within these terms or at all. Delayed or default of payment by customers may make it difficult for the Company to meet its financial obligations. One of the methods the Company uses to mitigate this risk, is to negotiate similar payment terms with its suppliers. The Company also sells its services to customers in US dollars, but the majority of the Company's expenses are in Canadian dollars. Thus, the Company is subject to the risks associated with the changes of the value of the Canadian dollar relative to the US dollar.

To further manage liquidity, the Company has engaged in short-term borrowing and equity financings. The Company currently has an outstanding loan with a related party. The terms of these loans are disclosed more fully in the Company's financial statements. The Company expects to repay this loan in due course. In addition, on March 23, 2017, the Company closed a private placement of $795,600 through the issuance of 5,304,001 Units of the Company. Each Unit had a purchase price of $0.15 and consisted of one common share and one half of one common share purchase warrant of the Company. Each full warrant is exercisable at an exercise price of $0.25 for a period of two years from the date of issuance.

As at March 31, 2017, the Company had cash of $448,382, accounts receivable of $94,055 and prepaid expenses of $416,481 as compared to a cash balance of $645,058, accounts receivable of $245,804 and $126,448 of prepaid expenses. at September 30, 2016. The increase in prepaid expenses is due to the engagement of companies to assist the Company in raising awareness of its products and services for the next 6 months. The Company's current liabilities at March 31, 2017 were $295,244 and at September 30, 2016 were $496,580. The reduction in current liabilities was due to payment of professional fees related to the Amalgamation, payment of $50,000 of the related party loan and payment of a contractor for the leasehold improvements for the Company's new premises. The latter expenditure was funded by a leasehold improvement allowance from the owner of the Company's new premises that was in accounts receivable at September 30, 2016. At March 31, 2017, the Company's working capital was $663,674 and it had a working capital ratio of 3.25 compared to September 30, 2016, where the Company's working capital was $819,035 and it had a working capital ratio of 2.65. The Company is continuing to focus on growth and fund activities such as sales and marketing that, it anticipates, will expand the market for its products and services and increase revenue. The Company expects that this focus on growth, in the near term, will cause expenses to exceed gross profit. This will result in a decline in working capital until the Company is able to achieve sufficient revenue and gross profit growth to reach positive cash flow. Therefore, the Company will be dependent on outside financing to continue operations until it is able to achieve positive cash flow. The Company has historically been able to secure financing from outside parties (see above). However, there is no guarantee that cash generated from external financing or operations will be sufficient to sustain the Company's operations for the foreseeable future. In order to

maintain sufficient liquidity, the Company may be required to issue additional shares, incur more debt or reduce operating costs.

COMMITMENTS

The Company leases its premises and certain equipment under long-term leases. The leases expire between 2017 and 2022. The Company sub-leases a portion of its premises to offset rental costs. The minimum annual lease commitments during the next five years are:

2017	$121,298
2018	240,558
2019	244,280
2020	244,062
2021	252,252
2022	60,606
	$1,163,056

RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2017 and the comparative period in the prior year, the Company was charged the following by officers and directors of the Company:

Six months ended March 31	2017	2016
Wages and benefits	$420,962	$325,212
Share-based compensation	36,300	20,617
	$457,262	$345,829

The increase in wages and benefits reflects the transition of some of the senior officers of the Company from part-time to full-time for the six months ended March 31, 2017 compared to the prior year. The increase in share-based compensation is due to the vesting of the stock options issued on September 7, 2016.

FINANCIAL INSTRUMENTS

The type and nature of financial instruments are disclosed in the condensed interim financial statements of the Company. All of these financial instruments are currently reported at their carrying value as the Company believes that this approximates their fair value due to their short-term nature. As discussed in the condensed interim financial statements, the Company is exposed to certain risks associated with these financial instruments. These include credit, liquidity and market risk. The Company does not anticipate any significant credit risk with its customers as it has not had any default on payment from any of its customers. Therefore, it has not recorded any allowance for bad debt. Liquidity risk and its management has been previously discussed above (see Liquidity). Market risk includes interest rate and foreign currency risk. Due to the short-term nature of its borrowing, the Company does not believe that it is exposed to significant interest rate risk and has therefore, not undertaken any action to mitigate this risk. As mentioned above, the Company is exposed to foreign currency risk as it relates to the US and Canadian

dollar. To mitigate this risk, the Company actively monitors the exchange rate of these two currencies and consults with experts in foreign currency. The Company has not historically used foreign currency contracts to mitigate this risk. However, should the need arise, the Company will consider the use of such contracts. The changes in foreign currency with respects to the financial instruments are recorded in the Company's condensed interim statement of comprehensive loss under foreign exchange gain.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at March 31, 2017, the Company had 43,961,070 common shares, 7,338,926 warrants and 4,323,333 stock options. Conversion of these warrants and stock options would result in 55,623,329 outstanding common shares.

SUBSEQUENT EVENTS

On April 28, 2017, the Company issued 340,000 options to a director of the Company. The options vest immediately, had an exercise price of $0.13 and expire on April 28, 2020. On the same date, the Company issued 200,000 options to a consultant to the Company with an exercise price of $0.13 and expire on April 28, 2020. These options vest in equal monthly increments for the 12 months following the issue date.