MANAGEMENT DISCUSSION AND ANALYSIS

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

Year ended September 30, 2017

Dated – January 29, 2018

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, 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 to operate marketing programs that acquire, engage, optimize, and retain customers and sales channels. The Spark System lets marketers use referrals by email, mobile, social media or word-of-mouth to acquire customers, engage employees, and mobilize brand influencers to market the company's product.

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"). Concurrent with the Amalgamation, was the closing of a private placement, in two tranches, for gross proceeds of $2.028 million. Per the terms of the Amalgamation, the shareholders of RewardStream received 20,000,004 common shares of the amalgamated company in exchange for the 12,813,235 outstanding common shares of RewardStream. The shareholders of Musgrove received 15,151,659 shares of the amalgamated company for the 30,303,365 outstanding common shares of Musgrove. The warrant holders of RewardStream received 233,555 warrants of the amalgamated company in exchange for the 149,715 outstanding warrants of RewardStream. The warrant holders of Musgrove received 4,427,370 warrants of the amalgamated 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 2 years, 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. Unlike one-time sale or professional services models, a SaaS business model allows more predictable revenue while having the ability to increase customers and revenue while having a lower relative fixed cost allowing for higher margins.

RewardStream management believes that significant revenue growth can occur through integration of the Spark System with e-Commerce platforms such as Shopify and Magento because this sector is ideal for marketing automation systems. E-commerce platforms serve millions of existing customers. For example, the largest 5 e-Commerce platforms provide online store solutions for over 2 million businesses around the world. These e-commerce platforms can benefit by having the Spark System integrate with their current system. RewardStream intends to pursue these types of integrations and benefit from the distribution channels that are available on these platforms. The Company has completed integrations into 3 e-commerce platforms - Magento, Woo Commerce, and Shopify. The Company's referral product is currently in over 100 e-commerce stores.

COMPANY HIGHLIGHTS

In the past 12 months, the Company has completed the following objectives:

- Launched on Shopify
- Implemented lead generation campaigns directed at e-commerce businesses
- 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
- Closed financings of just under $1,300,000
- 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 share-based compensation and other one-time items that do not result in any use of operating cash flows by 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. For example, adjusted EBITDA removes share-based compensation and other one-time items that do not impact cash-flow.

OVERALL PERFORMANCE

Revenues have decreased by 17% to $1,360,995 for 2017 compared to $1,641,960 for 2016. Cost of sales have decreased by 31% to $462,455 in 2017 from $668,590 in 2016. Gross profit decreased by 8% to $898,540 in 2017 from $973,370 in 2016.

Operating expenses decreased by $210,285 or 6% in 2017 compared to 2016.

Net and comprehensive loss decreased by $2,361,280 or 50%,

Total assets decreased by $1,116,426 or 76% and working capital decreased by $926,865 for the year ended 2017.

	For the twelve months ended:		
	September 30, 2017 (audited)	September 30, 2016 (audited)	September 30, 2015 (audited)
Revenue	1,360,995	1,641,960	1,658,451
Gross profit	898,540	973,370	950,192
Net loss and comprehensive loss	(2,357,402)	(4,718,682)	(2,843,729)
EBITDA	(2,315,058)	(4,627,309)	(2,793,132)
Adjusted EBITDA	(2,130,300)	(1,199,214)	(898,458)
Basic and diluted loss per share	(0.56)	(0.29)	(0.34)
Total assets	349,325	1,465,751	859,977
Long term financial liabilities	67,565	86,430	5,651
Dividends distributed	-	-	-

Reconciliation of EBITDA and adjusted EBITDA

	For the twelve months ended:		
	September 30, 2017	September 30, 2016	September 30, 2015
Net and comprehensive loss	(2,357,402)	(4,718,683)	(2,843,729)
Interest	12,879	82,081	38,090
Depreciation	29,465	9,292	12,507
EBITDA	(2,315,058)	(4,627,310)	(2,793,132)
Foreign exchange	10,318	(4,516)	(128,566)
Write-down of equipment	-	-	3,945
Share-based compensation	174,440	1,261,153	2,019,295
Loss on convertible debt conversion	-	121,055	-
Stock exchange listing expense	-	2,050,403	-
Adjusted EBITDA	(2,130,300)	(1,199,215)	(898,458)

Revenues

Revenue decreased by 17% or $280,965 in 2017 compared to 2016. The decrease in revenue is partially due to the ending of the Loyalty and Source Code business segments, one-time revenues that occurred in 2016 and customer churn.

Gross profit and cost of sales

The Company's cost of sales decreased by $206,135 or by 31% and its gross profit decreased by 8% or by $74,830 in 2017 compared to 2016. The cost of sales has declined due to the Company reducing its fixed costs such as salaries and hosting expenses during the year ended September 30, 2017. For example, the Company reduced hosting costs by over $87,000 in the year ended September 30, 2017 compared to 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. Salary expenses were reduced by over $84,000 in the year ended September 30, 2017 compared to the prior year.

Operating expenses

Operating expenses decreased by $210,285 in 2017 compared to the year ended 2016. A significant reason for the decline in operating expenses was due to the decrease in share-based and general and administrative expenses compared to the prior year. The share-based compensation expense for 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 and the issuance of warrants. There was an increase of $850,220 of sales and marketing expenses for 2017 compared to the prior year. The increase 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 tax credits. 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 year ended 2017. This accounts for the appearance of relatively low R&D expenses for 2016, when this type of tax credit was claimable. R&D expenditures, without considering the effect of the tax credits, in the year ended 2017 was $443,431 and in the year ended 2016 was $586,304 for a reduction of $142,873. The reduction in expenses for both periods reflect the reduction in product management resources for the Referral product during this period. The Company had a decrease in general and administrative expenses of approximately $150,000 for the year ended 2017 compared to the year ended 2016. The reduction in expenses for the year ended 2017 compared to the prior year was due to lower rent and lower professional fees that were associated with the Amalgamation.

Net loss and comprehensive loss

During the year ended September 30, 2017 the net loss and comprehensive loss decreased by $2,361,280 compared to the year ended September 30, 2016. The net loss and comprehensive loss changes were due to the net changes in the factors as described above.

EBITDA

EBITDA increased by $2,312,251 for the year ended September 30, 2017 compared to the prior year. This change in EBITDA was mainly affected by the changes in stock exchange listing expense, share-based expense and sales and marketing expenses as discussed above.

Adjusted EBITDA

Adjusted EBITDA decreased by $631,086 for the year ended September 30, 2017 compared to the prior year. 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.

Assets

The Company's assets declined by $1,116,426 during the year ended September 30, 2017. The change in assets was partially a result of a reduction in cash and the investment tax credits receivable. The reduction in the investment tax credit receivable was due to the receipt of this tax credit in cash in the year and that the Company can no longer accrue for this tax credit as a public company.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of results for the eight most recent quarterly periods.

For the quarter ended:	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**	**December 31, 2016**
Revenue	270,582	381,066	349,427	359,920
Gross profit	175,407	275,842	234,514	212,777
Net and comprehensive loss	(783,739)	(584,599)	(433,272)	(555,794)
Loss per share - basic and diluted	(0.16)	(0.13)	(0.11)	(0.14)
Weighted average number of shares - basic and diluted	4,772,564	4,396,107	3,913,383	3,865,707

For the quarter ended:	**September 30, 2016**	**June 30, 2016**	**March 31, 2016**	**December 31, 2015**
Revenue	375,493	424,498	405,660	436,309
Gross profit	234,206	260,409	215,813	262,942
Net and comprehensive loss	(2,832,237)	(835,774)	(288,348)	(762,323)
Loss per share - basic and diluted	(0.92)	(0.69)	(0.25)	(0.71)
Weighted average number of shares - basic and diluted	3,067,808	1,210,710	1,147,986	1,082,068

FOURTH QUARTER

Revenues

Revenue for the fourth quarter of 2017 decreased by $104,913 compared to the prior year. The revenue in the fourth quarter of 2017 was derived entirely from the referral segment. The decline in revenue was due to the attrition of a larger customer.

Gross profit and cost of sales

Cost of sales for the fourth quarter of 2017 declined by $46,113 or 33% compared to the same period in the prior year and gross profit decreased by over $58,000 or 25% for the same comparative periods. This decline in cost of sales reflects the shift to the referral segment of the business.

Operating expenses

Operating expenses for the fourth quarter of 2017, increase by over $65,000 compared to the same period in 2016. This increase in expenses was mainly due to a increase in share-based, general and administrative and research and development expenses. Sales and marketing expenses in the fourth quarter increased by over $322,000 in 2017 compared to the same period in 2016. This change reflects the increase in spending the Company has undertaken to grow sales and increase awareness of the Company and its products. Net research and development expenses decreased in the fourth quarter of 2017 by over $55,000. This decrease represents a reduction in product develop expenditures that incurred in the same period in 2016. General and administrative expenses for the fourth quarter decreased by over $77,000 in 2017 compared to the same period in the prior year. The decrease was due to a decrease in salary expenses, rent and professional fees.

Net and comprehensive loss

Net and comprehensive loss decreased by $2,361,283 in the fourth quarter of 2017 compared to the same period in 2016. The stock exchange listing expense, as described above, of $2,050,403 occurred in the fourth quarter of 2017. The absence of the stock exchange listing expense for 2017, and the reduction other expenses as described above are the main reasons for the decrease in net and comprehensive loss.

EBITDA

EBITDA has increased by $2,038,237 in the fourth quarter of 2017 compared to the same period in the prior year. This decrease is due to the reasons described above.

Adjusted EBITDA

Adjusted EBITDA for the fourth quarter of 2017 has decreased by $130,227. This decrease is due to the increase in the expenses as described above.

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 accounts receivable, management of cash, and use of equity and debt 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 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 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 associate 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.

On March 23, 2017, the Company closed a private placement of $795,600 through the issuance of 530,400 Units of the Company. Each Unit had a purchase price of $1.50 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 $2.50 for a period of two years from the date of issuance. In association with this transaction, the Company also paid $17,976 in finders', legal, filing and transfer agent fees, and share-based expenses. In addition, the company issued 2,600 common share purchase warrants as finders' fees. Each of these warrants are exercisable at an exercise price of $1.50 for a period of two years from the date of issuance.

In addition, on August 2, 2017, the Company announced that it closed a non-brokered private placement and raised a total of $498,965 by the issuance of 587,017 units at a price of $0.85 per unit. Each unit consists of one common share and one-half of one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $1.70 per share until August 2, 2019. The warrants are subject to an accelerated expiry if the 10 trailing-day volume weighted average price of the Company's shares on the Exchange exceeds $2.55. In connection with this private placement, the Company paid eligible finders a cash commission of $21,911, and issued 257,774 non-transferable finders warrants (a "Finders Warrant"). Each Finders Warrant entitles the holder to acquire one common share at an exercise price of $1.70 per share until August 2, 2019.

As at September 30, 2017, the Company had cash of $68,598 and accounts receivable of $75,887 as compared to a cash balance of $645,058 and accounts receivable of $245,804 at September 30, 2016. At September 30, 2017, the Company's working capital deficiency was $107,830 compared to September 30, 2016, where the Company's working capital of $819,035. The increase in working capital is primarily related to the net proceeds received related to the private placement and Amalgamation. The Company is continuing to focus on growth and, in the near term, this will cause expenses to exceed gross profit and 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.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

COMMITMENTS

The Company leases its premises and certain equipment under long-term leases. During the period, the Company entered into a lease for premises starting November 1, 2016 and ending October 31, 2021. Leases for the Company expire between 2018 and 2021. The minimum annual lease commitments during the next five years are:

2018	$ 240,558
2019	244,249
2020	244,062
2021	252,252
2022	60,606
	$ 1,041,727

RELATED PARTY TRANSACTIONS

For the year ended September 30, 2017 and the comparative period in 2016, the Company was charged the following by officers and directors of the Company:

	2017	**2016**
Wages and benefits	$803,203	$848,461
Consulting fees	21,770	-
Share-based	107,757	226,724
	$932,730	$1,075,185

Compensation to management decreased in 2017, mainly because the Company paid bonuses in 2016.

FINANCIAL INSTRUMENTS

The type and nature of financial instruments are disclosed in the 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 financial statements, the Company is exposed to certain risks associate 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 material default on payment from any of its customers. 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 statement of comprehensive loss under foreign exchange gain.

DISCLOSURE OF OUTSTANDING SHARE DATA

At the year ended September 30, 2017, the Company had 4,983,124 common shares, 1,016,142 warrants and 416,333 stock options. Conversion of these warrants and stock options would result in 6,415,599 outstanding common shares.

SUBSEQUENT EVENTS

On January 26, 2018, the Company completed a consolidation of its issued and outstanding shares on the basis of one new common share for every ten old common shares. On completion of the consolidation the Company has 4,983,124 common shares, 416,333 stock options and 1,016,142 warrants. Conversion of these warrants and stock options would result in 6,415,599 outstanding common shares. All share, share equivalent, and per share amounts have been restated to retrospectively reflect this consolidation.

On November 29, 2017, the Company entered into a loan assignment agreement between the related party and 0890454 B.C. Ltd. (the “Assignment Agreement”). Under the terms of the Assignment Agreement, the Company assigned the outstanding principal of the loan to the related party to 0890454 B.C. Ltd. The interest on the loan is still owing to the related party and will continue to accrue until a maturity date of January 31, 2018. The related party has agreed to convert the outstanding interest to common shares of the Company on January 31, 2018 at a price of $0.20 (post consolidated) per common share. The loan and interest remain secured by the assets of the Company.

On November 29, 2017, the Company entered into a loan agreement with 0890454 B.C. Ltd. 0890454 B.C. Ltd. loaned the company $190,574 at an annual interest rate of 6%, compounded annually, and maturing on June 30, 2018. The loan is secured by the assets of the Company.