REWARDSTREAM SOLUTIONS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED MARCH 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the 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 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 financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

REWARDSTREAM SOLUTIONS INC.
CONDENSEND INTERIM STATEMENTS OF FINANCIAL POSITION
EXPRESSED IN CANADIAN DOLLARS

As at		March 31, 2018 (unaudited)		September 30, 2017 (audited)
ASSETS				
CURRENT ASSETS				
Cash	$	40,045	$	68,598
Accounts receivable (note 8)		60,809		75,887
Prepaid expenses and deposits		27,803		79,329
		128,657		223,814
DEPOSITS		18,720		18,720
EQUIPMENT AND LEASEHOLD IMPROVEMENTS (note 3)		93,205		106,791
	$	240,582	$	349,325
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities (note 8)	$	236,958	$	207,628
Deferred revenue		44,485		50,594
Current portion of finance lease obligations (note 4)		2,276		4,686
Loans payable (note 5)		121,440		68,736
		405,159		331,644
FINANCE LEASE OBLIGATIONS (note 4)		-		186
LEASE IMPROVEMENT ALLOWANCE (note 10)		58,958		67,379
		464,117		399,209
EQUITY (DEFICIENCY)				
SHARE CAPITAL (note 6)		12,927,577		12,927,577
SHARES TO BE ISSUED (note 6)		481,669		-
SHARE-BASED COMPENSATION RESERVE (note 6)		1,921,692		1,889,663
WARRANT RESERVE (note 6)		212,648		212,648
DEFICIT		(15,767,121)		(15,079,772)
		(223,535)		(49,884)
	$	240,582	$	349,325

On behalf of the Board:

"Cameron Paddock"
Cameron Paddock, Director

"Danilen Villanueva"
Danilen Villanueva, Director

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

REWARDSTREAM SOLUTIONS INC.
CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
EXPRESSED IN CANADIAN DOLLARS (EXCEPT NUMBER OF SHARES)
FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2018 AND 2017
(UNAUDITED)

	Three months ended March 31,		Six months ended March 31,	
	2018	**2017**	**2018**	**2017**
REVENUE (note 11)	$ 289,304	$ 349,177	$ 580,870	$ 709,097
COST OF SALES (note 11)	93,260	114,913	185,870	262,056
	196,044	234,264	395,000	447,041
EXPENSES				
Sales and marketing (note 7)	140,160	206,703	293,070	499,004
General and administrative (note 7)	357,006	299,088	646,768	631,814
Research and development (note 7)	48,402	116,269	90,794	230,625
Share-based compensation (note 7)	15,405	29,452	32,029	53,378
Depreciation (note 3)	6,793	7,366	13,586	14,733
	567,766	658,878	1,076,247	1,429,554
LOSS FROM OPERATIONS	(371,722)	(424,614)	(681,247)	(982,513)
OTHER INCOME (EXPENSES)				
Foreign exchange gain (loss)	3,446	(6,292)	3,288	605
Finance expense (note 5)	(5,635)	(2,616)	(9,390)	(7,404)
	(2,189)	(8,908)	(6,102)	(6,799)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**$(373,911)**	**$(433,522)**	**$(687,349)**	**$(989,312)**
LOSS PER SHARE, BASIC AND DILUTED	**$ (0.08)**	**$ (0.11)**	**$ (0.14)**	**$ (0.25)**
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	**4,983,124**	**3,913,383**	**4,983,124**	**3,889,021**

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

REWARDSTREAM SOLUTIONS INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
EXPRESSED IN CANADIAN DOLLARS (EXCEPT NUMBER OF SHARES)
(UNAUDITED)

	SHARE CAPITAL			RESERVES			
	Number of Shares	Amount	Shares to be Issued	Share-based Compensation Reserve	Warrant Reserve	Deficit	Total Equity (Deficiency
Balance at September 30, 2016	**3,865,707**	**$ 11,682,848**	**$ -**	**$ 1,715,223**	**$ 207,042**	**$ (12,722,372)**	**$ 882,741**
Issuance of shares for cash (note 6)	530,400	795,600	-	-	-	-	795,600
Share issuance cost (note 6)	-	16,494	-	-	-	-	16,494
Share-based compensation (note 6)	-	-	-	51,895	1,483	-	53,378
Net loss for the period	-	-	-	-	-	(989,312)	(989,312)
Balance at March 31, 2017	**4,396,107**	**$ 12,494,942**	**$ -**	**$ 1,767,118**	**$ 208,525**	**$ (13,711,684)**	**$ 758,901**
Balance at September 30, 2017	**4,983,124**	**$ 12,927,577**	**$ -**	**$ 1,889,663**	**$ 212,648**	**$ (15,079,772)**	**$ (49,884)**
Shares to be issued (note 6)	-	-	481,669	-	-	-	481,669
Share-based compensation (note 6)	-	-	-	32,029	-	-	32,029
Net loss for the period	-	-	-	-	-	(687,349)	(687,349)
Balance at March 31, 2018	**4,983,124**	**$ 12,927,577**	**$ 481,669**	**$ 1,921,692**	**$ 212,648**	**$ (15,767,121)**	**$ (223,535)**

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

REWARDSTREAM SOLUTIONS INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
EXPRESSED IN CANADIAN DOLLARS
FOR THE SIX MONTHS ENDED MARCH 31
(UNAUDITED)

		2018		2017
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net loss for the period	$	(687,349)	$	(989,312)
Items not involving cash:				
Depreciation		13,586		14,733
Non-cash finance expense		8,647		6,776
Share-based compensation		32,029		53,378
Lease allowance amortization		(8,421)		(8,422)
Changes in non-cash working capital items:				
Accounts receivable		15,078		151,749
Investment tax credits receivable		-		298,305
Prepaid expenses and deposits		51,526		(290,033)
Accounts payable and accrued liabilities		29,330		(151,511)
Deferred revenue		(6,109)		(8,427)
		(551,683)		(922,764)
FINANCING ACTIVITIES				
Proceeds from issuance of common shares, net of offering costs		-		779,106
Shares to be issued		481,669		-
Repayment of finance lease obligations		(2,596)		1,823
Loans received		435,574		-
Repayment of loans payable		(391,517)		(50,000)
		523,130		730,929
INVESTING ACTIVITY				
Acquisition of equipment		-		(4,841)
		-		(4,841)
CHANGE IN CASH DURING THE PERIOD		(28,553)		(196,676)
CASH, BEGINNING OF PERIOD		68,598		645,058
CASH, END OF PERIOD	$	40,045	$	448,382
SUPPLEMENTAL CASH FLOW INFORMATION				
Interest paid – finance lease obligations	$	149	$	539

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

1. NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS

RewardStream Solutions Inc. (the “Company” or “Solutions”) is a provider of Software as a Service (“SaaS”) marketing technology that powers loyalty marketing programs, referral programs. The Company’s clients subscribe to the Company’s proprietary Spark™ product to operate marketing programs that acquire, engage, optimize and retain customers and sales channels.

On July 28, 2016, an amalgamation was completed with Musgrove Minerals Corp. (“Musgrove”), a publicly traded company on the TSX Venture Exchange (the “Exchange”), and the private company RewardStream Solutions Inc., to form a single amalgamated company (the “Amalgamation”). On August 4, 2016, Solutions commenced trading on the Exchange under the symbol REW.

These unaudited condensed interim financial statements have been prepared on a going concern basis of presentation, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. The Company’s ability to continue as a going concern is dependent upon its ability to obtain additional financing and or achieve profitable operations in the future.

2. BASIS OF PRESENTATION

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee.

The policies applied in these unaudited interim financial statements are based on IFRS issued and outstanding as of May 30, 2018, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended September 30, 2017. Any subsequent changes to IFRS that give effect to the Company’s annual financial statements for the year ending September 30, 2017 could result in restatement of these unaudited interim consolidated financial statements.

EXPRESSED IN CANADIAN DOLLARS

3. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

		Computer Equipment		Furniture and Equipment		Leasehold Improvements		Total
Cost								
Balance, September 30, 2016	$	200,960	$	106,825	$	106,607	$	414,392
Additions		4,841		-		-		4,841
Balance, September 30, 2017 and March 31, 2018	$	205,801	$	106,825	$	106,607	$	419,233
Accumulated Depreciation								
Balance, September 30, 2016	$	183,660	$	99,316	$	-	$	282,976
Charge for the period		6,642		1,502		21,322		29,466
Balance, September 30, 2017	$	190,302	$	100,818	$	21,322	$	312,442
Charge for the period		2,325		600		10,661		13,586
Balance, March 31, 2018	**$**	**192,627**	**$**	**101,418**	**$**	**31,983**	**$**	**326,028**
Carrying Value								
September 30, 2017	$	15,499	$	6,007	$	85,285	$	106,791
March 31, 2018	**$**	**13,174**	**$**	**5,407**	**$**	**74,624**	**$**	**93,205**

Included in computer equipment as at March 31, 2018 is leased computer equipment with a net carrying value of $13,174 (September 30, 2017 - $15,499).

4. FINANCE LEASE OBLIGATIONS

The Company finances certain computer equipment using finance leases. The liability recorded under the finance lease represents the minimum lease payments payable, net of imputed interest.

The Company's finance lease obligations consist of:

		March 31, 2018		September 30, 2017
Dell and Apple finance lease payable in monthly instalments ranging from $36 to $220, including interest of 10% per annum	$	2,458	$	5,131
Less: Interest		182		259
		2,276		4,872
Less: Current portion		2,276		4,686
	$	-	$	186

Minimum repayments over the next twelve months is $2,276.

5. LOANS PAYABLE

On May 2, 2016, the Company entered into a loan agreement with a related party. Under the terms of the agreement, the related party loaned $102,093 to the Company. The loan has an annual interest rate of 15%, compounded monthly, and is payable on October 31, 2016. The loan is secured by the assets of the Company. The related party also received 10,890 warrants with an exercise price of $3.90, exercisable until May 2, 2018. The Company bifurcated the loan into its components using a discounted cash flow model with an estimated fair value interest rate of 20% to estimate the fair value of the liability component of $93,174. The residual amount of $8,919 was recorded to warrant reserves. $50,000 of this loan was repaid on October 27, 2016. On November 29, 2017, the outstanding principal was assigned– see below. The interest on this loan remains outstanding to the related party. Included in finance expense is interest expense of $3,451 (2017 - $4,473 - accretion and interest expense).

On November 29, 2017, the Company entered into a loan assignment agreement between the related party (above) 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 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 $140,573 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. Included in finance expense is interest expense of $5,106 (2017 – nil). As of March 31, 2018, the balance of loan payable to 0890454 B.C. Ltd. including accrued interest was $101,440.

During the period the Company received a total of $295,000 loan from Northwest Marketing and Management Inc., of which $275,000 was repaid during the period.

6. SHARE CAPITAL

a) Authorized:
- unlimited common shares, without par value

b) Issued and outstanding:

Effective January 29, 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 with a weighted average exercise price of $2.80 and 1,016,142 warrants with a weighted average exercise price of $3.30. All share, share equivalent, and per share amounts have been restated to retrospectively reflect this consolidation.

At March 31, 2018, the issued and outstanding common shares of the Company consisted of 4,983,124 common shares.

There were no shares issued during the six months ended March 31, 2018, but the Company received share subscriptions amounting $481,699 for a private placement closed subsequent to the period.

6. SHARE CAPITAL (Continued)

b) Issued and outstanding: (continued)

Share issuances during the year ended September 30, 2017 were as follows:

On March 23, 2017, the Company completed a non-brokered private placement totaling $795,600 by issuing a total 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. This included 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.

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 $31,860 in finders', legal, filing and transfer agent fees, and share-based expenses, and issued 25,777 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.

c) Stock options

On September 7, 2016, the Board of Directors of the Company approved the grant of 358,833 options to directors, officers, employees and advisors of the Company. The options had an exercise price of $3.00 and expire on September 7, 2019. The grant date fair value of these options was $1.30.

On February 1, 2017, the Board of Directors of the Company approved the grant of 20,000 options to an advisor to the Company. The options had an exercise price of $1.85 and expire on February 1, 2020. The options vest on a quarterly basis over the next 12 months. The grant date fair value of these options was $0.82.

On April 28, 2017, the Board of Directors of the Company approved the grant of 34,000 options to a director of the Company. The options vest immediately, had an exercise price of $1.30 and expire on April 28, 2020. On the same date, the Company issued 20,000 options to a consultant to the Company with an exercise price of $1.30 and expire on April 28, 2020. These options vest in equal monthly increments for the 12 months following the issue date.

EXPRESSED IN CANADIAN DOLLARS

6. SHARE CAPITAL (Continued)

c) Stock options (continued)

Activity under the Plan for the six months ended March 31, 2018 is as follows:

	Number of Options		Weighted Average Exercise Price
Balance, beginning of period	416,333	$	2.72
Options cancelled	(152,333)		2.62
Balance, end of period	264,000	$	2.78

Activity under the Plan for the year ended September 30, 2017 was as follows:

	Number of Options		Weighted Average Exercise Price
Balance, beginning of year	358,833	$	3.00
Options granted	74,000		1.45
Options cancelled	(16,500)		3.00
Balance, end of year	416,333	$	2.72

Company stock options outstanding and exercisable at March 31, 2018 are as follows:

Expiry (Years)	Exercise Price	Outstanding	Exercisable
2019	$3.00	224,000	147,333
2020	$1.85	20,000	20,000
2020	$1.30	20,000	20,000
		264,000	187,333

Company stock options outstanding and exercisable at September 30, 2017 are as follows:

Expiry (Years)	Exercise Price	Outstanding	Exercisable
2019	$3.00	342,333	225,083
2020	$1.85	20,000	10,000
2020	$1.30	54,000	44,000
		416,333	279,083

The weighted average remaining contractual life of options outstanding at March 31, 2018 is 1.52 (September 30, 2017 - 2.04) years.

EXPRESSED IN CANADIAN DOLLARS

6. SHARE CAPITAL (Continued)

c) Stock options (continued)

The Company applies the fair value method using the Black-Scholes option pricing model to account for options granted to employees, directors and non-employees. The Black- Scholes option pricing model requires management to make certain estimates. These estimates include volatility. The Black-Scholes option pricing model was calculated based on the following weighted average assumptions:

	2017	2016
Expected life (years)	3	3
Interest rate	0.72 - 0.78%	0.55%
Volatility	70 - 87%	71%
Dividend yield	0%	0%
Fair value	$0.07 - $0.08	$0.13

During the six months ended March 31, 2018, the Company recorded an amount of $32,029 (2017 - $53,378) in recognition of share-based compensation related to stock options.

Due to the lack of historical pricing information for the Company, the expected volatility is based on an average of historical prices of a comparable group of companies within the same industry. The risk-free rate of return is the yield on a zero-coupon Canadian treasury bill of a term consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche.

Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Based on the best estimate, management applied the estimated forfeiture rate of 39% (2017 - Nil) in estimating the fair value of share-based compensation to be recognized.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

d) Warrants

On May 2, 2016 the Company issued 10,890, with an exercise price of $3.90 expiring on May 2, 2018 in connection with the loan from a related party (note 5). The Company recorded $8,919 to warrant reserve related to the issuance of these warrants. Pursuant to the Amalgamation, these warrants were re-priced and subdivided per the exchange ratio of 1.56 (see above) to $2.50 and 16,988 warrants, respectively.

Prior to the Amalgamation, Musgrove had 885,474 warrants outstanding. On completion of the Amalgamation these warrants were converted to warrants of the Company and consolidated to 405,700 warrants with an exercise price of $2.50 and 37,037 warrants with an exercise price of $7.20.

EXPRESSED IN CANADIAN DOLLARS

6. SHARE CAPITAL (Continued)

d) Warrants (continued)

In connection with the private placement that occurred on March 23, 2017, the Company issued 265,200 warrants. The warrants had an exercise price of $2.50 and an expiry date of March 23, 2019. The Company also issued 2,600 share purchase warrants as finder's fees for the private placement on March 23, 2017. These warrants entitle the holder to purchase one common share for each warrant at an exercise price of $1.50 until March 23, 2019.

As part of the private placement on August 2, 2017, the Company issued 293,509 warrants. The warrants had an exercise price of $1.70 and an expiry date of August 2, 2019. In addition, the Company issued 25,777 share purchase warrants as finder's fees for the private placement on August 2, 2017. The warrants entitle the holder to acquire one common share at an exercise price of $1.70 per share until August 2, 2019.

The following assumptions were used in calculating the fair value of these warrants using the Black-Scholes Option Pricing Model.

	August 2, 2017	**March 23, 2017**
Expected life (years)	2	2
Interest rate	1.25%	0.72%
Volatility	73%	69%
Dividend yield	0%	0%

The table below summarizes the information on the outstanding warrants of the Company as at March 31, 2018:

	Number of Warrants		**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Life (years)**
Balance, September 30, 2016	466,093	$	2.90	1.66
Warrants granted	587,086		2.10	-
Warrants expired	(37,037)		2.50	-
Balance, September 30, 2017	1,016,142	$	3.30	1.76
Warrants expired	(6,368)		6.30	-
Balance, March 31, 2018	1,009,774	$	3.28	0.75

EXPRESSED IN CANADIAN DOLLARS

7. RELATED PARTY TRANSACTIONS

Related party transactions not otherwise described in these financial statements are shown below.

The remuneration of the Company's directors and other members of key management, individuals who have the authority and responsibility for planning, directing and controlling the activities of the Company, for the six months ended March 31, 2018 and 2017 are as follows:

		2018		2017
Wages and benefits	$	478,876	$	420,962
Consulting fees		21,684		-
Share-based compensation		22,716		36,300
	$	523,276	$	457,262

Wages and benefits of $478,876 (2017 - $420,962) are included in the following expenses:

		2018		2017
Sales and marketing	$	185,652	$	133,462
General and administrative	$	248,224	$	242,500
Research and development	$	45,000	$	45,000

8. FINANCIAL INSTRUMENTS

The carrying values of cash, accounts receivable, loans payable, finance lease obligations, and accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

Financial assets and liabilities measured at fair value on a recurring basis are classified in their entirety based on the lowest level of input that is significant to their fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non-recurring basis.

Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and consider the implications of market conditions in relation to the Company's activities.

There are no changes in the Company's objective, policies and processes for managing the risks and the methods used to measure the risks during the six months ended March 31, 2018.

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash is held at a large Canadian financial institutions in interest-bearing accounts. The Company's accounts receivable consist of amounts from large customers. Accounts receivable from four customers comprise as at March 31, 2018 was 96% (September 30, 2017 - 79%) of the total accounts receivable balance, and therefore the Company is subject to risk due to the potential of one of these major customers defaulting on the balance owing.

EXPRESSED IN CANADIAN DOLLARS

8. FINANCIAL INSTRUMENTS (Continued)

a) Credit risk (continued)

The Company does not anticipate any default as it transacts with creditworthy customers, and management does not expect any losses from non-performance by these customers. As such, a provision for doubtful accounts has not been recorded at March 31, 2018.

The following table summarizes the four largest receivable balances from the Company's customers:

March 31, 2018	0 to 60 days	61 to 90 days	Greater than 90 days	Total
Customer 1	$ 32,907	$ -	$ -	$ 32,907
Customer 2	8,610	-	-	8,610
Customer 3	6,778	-	-	6,778
Customer 4	5,648	-	-	5,648
	$ 53,943	$ -	$ -	$ 53,943

September 30, 2017	0 to 60 days	61 to 90 days	Greater than 90 days	Total
Customer 1	$ 36,232	$ -	$ -	$ 36,232
Customer 2	8,606	-	-	8,606
Customer 3	7,806	-	-	7,806
Customer 4	7,465	-	-	7,465
	$ 60,109	$ -	$ -	$ 60,109

b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The accounts payable and accrued liabilities are typically due in 30 days. The Company uses cash to settle its financial obligations as they fall due. The ability to do this relies on the Company collecting its accounts receivable in a timely manner and by maintaining sufficient cash on hand through working capital management.

The following table summarizes information about the Company's financial obligations:

	March 31, 2018	**September 30, 2017**
Accounts payable and accrued liabilities	$ 236,958	$ 207,628
Loans payable	121,440	68,736
	$ 358,398	$ 276,364

8. FINANCIAL INSTRUMENTS (Continued)

b) Liquidity risk (continued)

The maturity of accounts payable is as follows:

		March 31, 2018		September 30, 2017
0 to 90 days	$	82,499	$	75,220
+90 days		43,749		9,660
	$	126,248	$	84,880

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's operations, income or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns. The Company is exposed to market risk as follows:

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk due to the short term to maturity of its financial instruments. The Company had no interest rate swap or financial contracts in place as at March 31, 2018 and September 30, 2017. Interest rate risk is minimal as loans have a fixed interest rate.

(ii) Foreign currency risk

The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the Canadian dollar (primarily United States dollars ("USD")). As at March 31, 2018, the Company had monetary assets of $74,693 (September 30, 2017 - $90,969) and monetary liabilities of $37,037 (September 30, 2017 - $40,625) denominated in USD. For the period ended March 31, 2018, the Company's sensitivity analysis suggests that a change in the absolute rate of exchange in USD by 4% (September 30, 2017 - 7%) will increase or decrease net loss and comprehensive loss by approximately $1,694 (September 30, 2017 - $3,400). The Company has not entered into any foreign currency contracts to mitigate this risk.

EXPRESSED IN CANADIAN DOLLARS

9. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company's assets are collateral for its loans (note 5). As at March 31, 2018, the Company considers capital to consist of all components of equity (deficiency) and loans payable. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares, or dispose of assets or adjust the amount of cash on hand. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

At this stage of the Company's development, in order to maximize ongoing operational development efforts, the Company does not pay dividends.

10. COMMITMENTS

The Company leases its premises and certain equipment under long-term leases. The leases expire between 2018 and 2022. The minimum annual lease commitments during the next five years are:

2018	$	120,170
2019		244,062
2020		244,062
2021		252,252
2022		60,606
	$	921,152

Recorded in general and administrative expense is rent expense for the current period amounted to $78,160 (2017 - $84,312).

During the year ended September 30, 2016, the Company received a lease incentive allowance of $84,225 related to leasehold improvements as an inducement to a 5-year lease term for the Vancouver office. This amount is amortized over the term of the lease.

11. SUBSEQUENT EVENTS

On April 17, 2018, the Company closed a private placement consisting of 12,499,999 units for gross proceeds $3,250,000 at a price of $0.26 per unit.

Each unit comprises one common share of the issuer and one common share purchase warrant of the issuer. Each warrant will be exercisable into a common share of the company at an exercise price of $0.35 with a one-year expiry.

The company paid cash commissions of 7% of gross proceeds received and broker warrants equal in number to 7% of the number of units sold, payable to registrants. Each broker warrant has the same terms as the warrants.