MANAGEMENT DISCUSSION AND ANALYSIS

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

Six month period ended March 31, 2018

Dated – May 30, 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 and with the condensed interim financial statements for the six months ended March 31, 2018. 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"). On August 4, 2016, the Company commenced trading on the Exchange under the symbol REW.

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 second quarter of fiscal 2018, the Company completed the following:

- Sold over $30,000 in contracts to new customers
- Announced a financing of $3,250,000
- Adjusted expenses to reflect the operational requirements of the business

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 18% to $580,870 for the six months ended March 31, 2018 compared to $709,097 for the same period in 2017. Revenues decreased by 17% to $289,304 for the three months ended March 31, 2018 compared to $349,177 for the same period in 2017. Cost of sales have decreased by 29% to $185,870 in the six months ended March 31, 2018 from $262,056 in the same period in 2017. Cost of sales decreased by 19% or $21,653 for the three months ended March, 31, 2017 compared to the three months ended March 31, 2017. Gross profit decreased by 12% to $395,000 from $447,041 for six months ended 2018 and 2017, respectively. Gross profit decreased to $196,044 for the three months ended March 31, 2018 compared to $234,264 for the same period in the prior year.

Operating expenses decreased by $353,307 or 25% in six months ended March 31, 2018 compared to the same period in 2017. Operating expenses increased by $91,112 for the three months ended March 31, 2018, compared to the three months ended March 31, 2017.

Net and comprehensive loss decreased by $301,963 or 31%, EBITDA increased by 31% or $302,802, Adjusted EBITDA increased by $278,770 or 30% in the six months ended March 31, 2018 compared to the same period in 2017. In the three months ended March 31, 2018, net and comprehensive loss decreased by $59,611, EBITDA decreased by 15% or $62,057 and Adjusted EBITDA increased by $38,272 or 10% compared to the three months ended March 31, 2017.

Total assets decreased by $108,743 or 31% and working capital decreased by $168,672 for the six months ended March 31, 2018.

	For the three months ended		**For the six months ended**	
	March 31, 2018 (unaudited) $	**March 31, 2017 (unaudited) $**	**March 31, 2018 (unaudited) $**	**March 31, 2017 (unaudited) $**
Revenue	289,304	349,177	580,870	349,177
Gross profit	196,044	234,264	395,000	447,041
Net loss and comprehensive loss	(373,911)	(433,522)	(687,349)	(989,312)
EBITDA	(361,483)	(423,540)	(664,373)	(967,175)
Adjusted EBITDA	(349,524)	(387,796)	(635,632)	(914,402)
Basic and diluted loss per share	(0.08)	(0.11)	(0.14)	(0.25)

Reconciliation of EBITDA and adjusted EBITDA

	For the three months ended		For the six months ended	
	March 31, 2018 $	**March 31, 2017 $**	**March 31, 2018 $**	**March 31, 2017 $**
Net loss and comprehensive loss	(373,911)	(433,522)	(687,349)	(989,312)
Interest	5,635	2,616	9,390	7,404
Depreciation	6,793	7,366	13,586	14,733
EBITDA	(361,483)	(423,540)	(664,373)	(967,175)
Foreign exchange	(3,446)	6,292	(3,288)	(605)
Share-based compensation	15,405	29,452	32,029	53,378
Adjusted EBITDA	(349,524)	(387,796)	(635,632)	(914,402)

Revenues

Revenue decreased by 18% or $128,227 in the six months ended March 31, 2018 and $59,783 or 17% in the three months ended March 31, 2018 compared to the same respective periods in 2017. The decrease in revenue compared to the same period of the prior year is due to the loss of a customer in this period.

Gross profit and cost of sales

The Company's cost of sales decreased by $76,186 or by 29% and its gross profit decreased by 12% or by $52,041 in the six months ended March 31, 2018 compared to the same period in 2017. In the three months ended March 31, 2018, cost of sales decreased by 19% and gross profit decreased by 16% or $38,220 compared to the same period in the prior year. The decrease in gross profit is due to the decrease in revenue as discussed above. The cost of sales has declined due to the Company reducing its fixed costs such as salaries, license and hosting expenses for the period ending March 31, 2018. The Company reduced these costs by $70,000 in the six months ended March 31, 2018 compared to the same period in the prior year.

Operating expenses

Operating expenses decreased during the six months ended March 31, 2018 by $353,307 compared to the same period in 2017. Sales and marketing expenses declined by nearly $206,000 due to the reduction of consultants in this area. The company reduced its research and development expenses by nearly $140,000 by reducing staff in this area. The Company reduced spending in the above two areas due the challenges of raising capital to fund operations. The Company's general and administrative expenses increased by over $15,000 during the six months ended March 31, 2018. This was due to the Company incurring legal expenses during the current period that were not incurred in the prior period. During the three months ended March 31, 2018, operating expenses decreased by $91,112 compared to the same three month period in 2017. Sales and marketing expenses decreased by nearly $67,000 and research and development expenses by nearly $68,000 compared to the same period in 2017. The Company's general and administrative expenses increased by over $58,000 during the three months ended March 31, 2018.

Net and comprehensive loss

During the six months ended March 31, 2018 the net loss and comprehensive loss decreased by $301,963 compared to same period in 2017. The Company's net loss and comprehensive loss decreased by $59,611 during the three months ended March 31, 2018 compared to the same period in 2017. 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 $302,802 and $62,057 in the six and three months ended March 31, 2018, respectively, compared to the same periods in the prior year. Again, the main reason for this is due to the decline in operating expenses as discussed above.

Adjusted EBITDA

Adjusted EBITDA decreased by $278,770 during the six months ended March 31, 2018 and by $38,272 for the three months ended March 31, 2018 compared to the same periods in the prior years. This change reflects the decrease in operating expenses described above.

Assets

The Company's assets declined by over $108,743 during the six months ended March 31, 2018. The change in assets was mainly due to the recognition of certain prepaid expenses in the period.

INTERIM QUARTERLY HIGHLIGHTS

For the quarter ended:	**March 31, 2018**	**December 31, 2017**	**September 30, 2017**	**June 30, 2017**
Revenue	289,304	291,566	270,582	381,066
Gross profit	196,044	198,956	175,407	275,842
Net and comprehensive loss	(373,911)	(313,439)	(783,739)	(584,599)
Loss per share - basic and diluted*	(0.08)	(0.06)	(0.16)	(0.13)
Weighted average number of shares*	4,983,124	4,983,124	4,772,564	4,396,107

For the quarter ended:	**March 31, 2017**	**December 31, 2016**	**September 30, 2016**	**June 30, 2016**
Revenue	349,427	359,920	375,493	424,498
Gross profit	234,514	212,777	234,206	260,409
Net and comprehensive loss	(433,272)	(555,794)	(2,832,237)	(835,774)
Loss per share - basic and diluted*	(0.11)	(0.14)	(0.92)	(0.69)
Weighted average number of shares*	3,913,383	3,865,707	3,067,808	1,210,710

* 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. All share and loss per share amounts have been restated to retrospectively reflect this consolidation.

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. The Company currently has outstanding loans with a related party and other 3rd party lenders. The terms of these loans are disclosed more fully in the Company's financial statements. The Company expects to repay these loans in due course.

As at March 31, 2018, the Company had cash of $40,045 and accounts receivable of $60,809 as compared to a cash balance of $68,598 and accounts receivable of $75,887 at September 30, 2017. The Company's current liabilities at March 31, 2018 were $405,159 and at September 30, 2017 were $331,644. The increase in current liabilities was mainly due to an increase in loans payable. At March 31, 2018, the Company's working capital deficit was $276,502 and it had a working capital ratio of 0.32 compared to September 30, 2017, where the Company's working capital deficit was $107,830 and it had a working capital ratio of 0.67. Until the Company is able to achieve sufficient revenue and gross profit growth to reach positive cash flow it 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 further reduce operating costs.

COMMITMENTS

The Company leases its premises and certain equipment under long-term leases. The leases expire between 2018 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:

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

RELATED PARTY TRANSACTIONS

During the six months ended March 31, 2018 and the comparative period in the prior year, the Company was charged the following by officers and directors of the Company:

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

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

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. All share and share equivalent amounts have been restated to retrospectively reflect this consolidation. As at March 31, 2018, the Company had 4,983,124 common shares, 1,009,774 warrants and 264,000 stock options. Conversion of these warrants and stock options would result in 6,271,898 outstanding common shares.

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.