REWARDSTREAM SOLUTIONS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED JUNE 30, 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.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
EXPRESSED IN CANADIAN DOLLARS

As at		June 30, 2018 (unaudited)		September 30, 2017 (audited)
ASSETS				
CURRENT ASSETS				
Cash	$	957,287	$	68,598
Accounts receivable (notes 8,11)		195,584		75,887
Prepaid expenses and deposits		505,993		79,329
		1,658,864		223,814
DEPOSITS		18,720		18,720
EQUIPMENT AND LEASEHOLD IMPROVEMENTS (note 3)		-		106,791
	$	1,677,584	$	349,325
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities (note 8)	$	54,912	$	207,628
Deferred revenue		-		50,594
Current portion of finance lease obligations (note 4)		-		4,686
Loans payable (note 5)		5,650		68,736
		60,562		331,644
FINANCE LEASE OBLIGATIONS (note 4)		-		186
LEASE IMPROVEMENT ALLOWANCE (note 10)		-		67,379
		60,562		399,209
EQUITY (DEFICIENCY)				
SHARE CAPITAL (note 6)		14,912,516		12,927,577
SHARE-BASED COMPENSATION RESERVE (note 6)		1,931,079		1,889,663
WARRANT RESERVE (note 6)		1,372,746		212,648
DEFICIT		(16,599,319)		(15,079,772)
		1,617,022		(49,884)
	$	1,677,584	$	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 NINE MONTHS ENDED JUNE 30, 2018 AND 2017
(UNAUDITED)

	Three months ended June 30,		Nine months ended June 30,	
	2018	**2017**	**2018**	**2017**
REVENUE	$ 313,671	$ 381,066	$ 894,541	$ 1,090,413
COST OF SALES	84,341	105,224	270,211	367,280
	229,330	275,842	624,330	723,133
EXPENSES				
Sales and marketing (note 7)	97,743	397,837	390,813	896,841
General and administrative (note 7)	998,955	279,682	1,645,723	911,500
Research and development (note 7)	40,579	112,990	131,373	343,615
Share-based compensation (note 7)	9,387	56,050	41,416	109,425
Depreciation (note 3)	4,529	7,366	18,115	22,099
	1,151,193	853,925	2,227,440	2,283,480
LOSS FROM OPERATIONS	(921,863)	(578,083)	(1,603,110)	(1,560,347)
OTHER INCOME (EXPENSES)				
Gain on sale of subsidiary (note 11)	92,628	-	92,628	-
Foreign exchange gain (loss)	(2,143)	(3,882)	1,145	(3,286)
Finance expense (note 5)	(820)	(2,625)	(10,210)	(10,029)
	89,665	(6,507)	83,563	(13,315)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**$ (832,198)**	**$ (584,590)**	**$ (1,519,547)**	**$ (1,573,662)**
LOSS PER SHARE, BASIC AND DILUTED	**$ (0.05)**	**$ (0.15)**	**$ (0.18)**	**$ (0.40)**
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	**15,147,958**	**3,913,383**	**8,371,402**	**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
EXPRESSED IN CANADIAN DOLLARS (EXCEPT NUMBER OF SHARES)
(UNAUDITED)

	SHARE CAPITAL			RESERVES						
	Number of Shares		Amount		Share-based Compensation Reserve		Warrant Reserve		Deficit		Total Equity
Balance at September 30, 2016	**3,865,707**	**$**	**11,682,848**	**$**	**1,715,223**	**$**	**207,042**	**$**	**(12,722,372)**	**$**	**882,741**
Issuance of shares for cash (note 6)	530,400		795,600		-		-		-		795,600
Share issuance cost (note 6)	-		(16,494)		-		-		-		(16,494)
Share-based compensation (note 6)	-		-		107,945		1,483		-		109,428
Net loss for the period	-		-		-		-		(1,573,662)		(1,573,662)
Balance at June 30, 2017	**4,396,107**	**$**	**12,461,954**	**$**	**1,823,168**	**$**	**208,525**	**$**	**(14,296,034)**	**$**	**197,613**
Balance at September 30, 2017	**4,983,124**	**$**	**12,927,577**	**$**	**1,889,663**	**$**	**212,648**	**$**	**(15,079,772)**	**$**	**(49,884)**
Issuance of shares for cash (note 6)	12,499,999		1,984,939		-		1,160,098		-		3,145,037
Share-based compensation (note 6)	-		-		41,416		-		-		41,416
Net loss for the period	-		-		-		-		(1,519,547)		(1,519,547)
Balance at June 30, 2018	**17,483,123**	**$**	**14,912,516**	**$**	**1,931,079**	**$**	**1,372,746**	**$**	**(16,599,319)**	**$**	**1,617,022**

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 NINE MONTHS ENDED JUNE 30,
(UNAUDITED)

		2018		2017
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net loss for the period	$	(1,519,547)	$	(1,573,662)
Items not involving cash:				
Depreciation		18,115		22,099
Non-cash finance expense		9,191		9,191
Share-based compensation		41,416		109,425
Lease allowance amortization		(11,931)		(12,634)
Gain on sale of subsidiary		(92,628)		-
Changes in non-cash working capital items:				
Accounts receivable		(106,691)		95,291
Investment tax credits receivable		-		298,305
Prepaid expenses and deposits		(450,306)		(118,570)
Accounts payable and accrued liabilities		(9,595)		(128,702)
Deferred revenue		(17,839)		13,072
		(2,139,815)		(1,286,185)
FINANCING ACTIVITIES				
Proceeds from issuance of common shares, net of offering costs		3,145,037		779,106
Repayment of finance lease obligations		(3,980)		(4,674)
Loans received		435,573		-
Repayment of loans payable		(507,850)		(50,000)
		3,068,780		724,432
INVESTING ACTIVITY				
Sale of subsidiary		(40,276)		-
		(40,276)		-
CHANGE IN CASH DURING THE PERIOD		888,689		(561,753)
CASH, BEGINNING OF PERIOD		68,598		645,058
CASH, END OF PERIOD	$	957,287	$	83,305
SUPPLEMENTAL CASH FLOW INFORMATION				
Interest paid – finance lease obligations	$	230	$	391

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.

On June 15, 2018, the Company sold its wholly-owned subsidiary, RewardStream Solutions NA Inc. (“RSNA”) to Buyapowa Ltd. (note 11).

RSNA was incorporated on December 13, 2017.

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 August 29, 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	$	205,801	$	106,825	$	106,607	$	419,233
Sale of subsidiary (note 11)		(205,801)		(106,825)		(106,607)		(419,233)
Balance, June 30, 2018	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**
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		3,101		800		14,214		18,115
Sale of subsidiary (note 11)		(193,403)		(101,618)		(35,536)		(330,557)
Balance, June 30, 2018	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**
Carrying Value								
September 30, 2017	$	15,499	$	6,007	$	85,285	$	106,791
June 30, 2018	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**

Included in computer equipment as at June 30, 2018 is leased computer equipment with a net carrying value of $Nil (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:

		June 30, 2018		September 30, 2017
Dell and Apple finance lease payable in monthly instalments ranging from $36 to $220, including interest of 10% per annum	$	1,122	$	5,131
Less: Interest		230		259
		892		4,872
Less: Current portion		892		4,686
Less: Sale of subsidiary (note 11)		892		
	$	-	$	186

Minimum repayments over the next twelve months is $Nil.

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 $0.39, 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 $3,541 (2017 - $9,191 - 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 $5,649 (2017 – $nil). As of June 30, 2018, the balance of loan payable to 0890454 B.C. Ltd. including accrued interest was $5,650.

During the period, the Company received a total of $295,000 loan from Northwest Marketing and Management Inc., which was fully 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 June 30, 2018, the issued and outstanding common shares of the Company consisted of 17,483,123 common shares.

6. SHARE CAPITAL (Continued)

b) Issued and outstanding: (continued)

Share issuance during the period ended June 30, 2018 was as follows:

On April 17, 2018, the Company completed a non-brokered private placement totaling $3,250,000 by issuing a total of 12,499,999 Units of the Company. Each Unit had a purchase price of $0.26 and consisted of one common share and one common share purchase warrant of the Company. Each full warrant is exercisable at an exercise price of $0.35 for a period of one year from the date of issuance. In association with this broker warrants that are exercisable at an exercise price of $0.35 for a period of one year from the date of issuance.

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.

EXPRESSED IN CANADIAN DOLLARS

6. SHARE CAPITAL (Continued)

c) Stock options (continued)

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.

Activity under the Plan for the nine months ended June 30, 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 June 30, 2018 are as follows:

Expiry (Years)	Exercise Price	Outstanding	Exercisable
2019	$3.00	224,000	162,666
2020	$1.85	20,000	20,000
2020	$1.30	20,000	20,000
		264,000	202,666

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 June 30, 2018 is 1.27 (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 nine months ended June 30, 2018, the Company recorded an amount of $41,416 (2017 - $107,942) 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.

In connection with the private placement that occurred on April 17, 2018, the Company issued 12,499,999 share purchase warrants and 875,000 broker warrants. The warrants had an exercise price of $0.35 and an expiry date of April 17, 2019.

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

	April 17, 2018	August 2, 2017	March 23, 2017
Expected life (years)	1	2	2
Interest rate	1.87%	1.25%	0.72%
Volatility	137%	73%	69%
Dividend yield	0%	0%	0%

The table below summarizes the information on the outstanding warrants of the Company as at June 30, 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 granted	13,374,999	0.35	0.80
Warrants expired	(6,368)	6.30	-
Balance, June 30, 2018	14,384,773	$ 0.50	0.78

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 nine months ended June 30, 2018 and 2017 are as follows:

		2018		2017
Wages and benefits	$	653,876	$	599,692
Consulting fees		21,684		11,255
Share-based compensation		29,905		78,930
	$	705,465	$	689,877

Wages and benefits of $653,876 (2017 - $599,692) are included in the following expenses:

		2018		2017
Sales and marketing	$	254,402	$	202,500
General and administrative	$	331,974	$	329,692
Research and development	$	67,500	$	67,500

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 nine months ended June 30, 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 June 30, 2018 was 0% (September 30, 2017 - 79%) of the total accounts receivable balance.

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 June 30, 2018.

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

June 30, 2018	0 to 60 days	61 to 90 days	Greater than 90 days	Total
Customer 1	$ -	$ -	$ -	$ -
Customer 2	-	-	-	-
Customer 3	-	-	-	-
Customer 4	-	-	-	-
	$ -	$ -	$ -	$ -

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:

	June 30, 2018	**September 30, 2017**
Accounts payable and accrued liabilities	$ 54,912	$ 207,628
Loans payable	5,650	68,736
	$ 60,562	$ 276,364

8. FINANCIAL INSTRUMENTS (Continued)

b) Liquidity risk (continued)

The maturity of accounts payable is as follows:

		June 30, 2018		September 30, 2017
0 to 90 days	$	12,679	$	75,220
+90 days		40,244		9,660
	$	52,923	$	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 June 30, 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 June 30, 2018, the Company had monetary assets of $Nil (September 30, 2017 - $90,969) and monetary liabilities of $Nil (September 30, 2017 - $40,625) denominated in USD. For the period ended June 30, 2018, the Company's sensitivity analysis suggests that a change in the absolute rate of exchange in USD by 6% (September 30, 2017 - 7%) will increase or decrease net loss and comprehensive loss by approximately $Nil (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 June 30, 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	$	61,202
2019		244,062
2020		244,062
2021		252,252
2022		60,606
	$	862,184

Recorded in general and administrative expense is rent expense for the current period amounted to $125,217 (2017 - $144,457).

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. SALE OF SUBSIDIARY

RewardStream Solutions NA Inc. ("RSNA") is a wholly-owned subsidiary of the Company that was incorporated on December 13, 2017.

On June 15, 2018, the Company completed the transfer of all of the assets and liabilities of its referral and reward business to RSNA through an asset purchase agreement.

On June 15, 2018, the Company entered into a purchase and sale agreement with Buyapowa Ltd. ("Buyapowa") wherein the Company sold to Buyapowa all the issued and outstanding shares in the capital of RSNA in consideration for a cash payment of $150,000 (remained receivable as at June 30, 2018) and sliding-scale royalty payment based on license fees received from existing and active RSNA customers. The royalty commences at a 15% rate for an initial 11-month period and decreases over time, resulting in a perpetual 1% royalty after a period of 47 months.

EXPRESSED IN CANADIAN DOLLARS

11. SALE OF SUBSIDIARY (Continued)

Purchase consideration	**$**	**150,000**
Cash		40,276
Accounts receivable		136,994
Prepaid expenses and deposits		23,642
Equipment and leasehold improvements		88,676
Accounts payable and accrued liabilities		(47,905)
Other current liabilities		(95,216)
Finance lease obligation		(892)
Deferred revenue		(32,755)
Lease improvement allowance		(55,448)
Net assets sold		**57,372**
Gain on sale of subsidiary	**$**	**92,628**

12. SUBSEQUENT EVENTS

No subsequent events.