MANAGEMENT DISCUSSION AND ANALYSIS

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

Year ended September 30, 2018

Dated – February 27, 2019

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, 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 21, 2015. The head office and records are located at 800-1199 West Hastings Street Vancouver, British Columbia, V6E 3T5.

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.

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 10 old common shares. All share and share equivalent amounts have been restated to retrospectively reflect this consolidation.

On December 13, 2017, the Company incorporated a wholly-owned subsidiary, RewardStream Solutions NA Inc. ("RSNA"). On June 15, 2018, the Company completed the transfer of all of the assets of its referral and rewards business to RSNA and sold the subsidiary, RewardStream Solutions NA Inc. ("RSNA") to Buyapowa Ltd. (See page 7 and 8).

COMPANY HIGHLIGHTS

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

- Recognized $453,389 loss from discontinued operations;
- Recognized $125,708 gain on sale of subsidiary;
- Completed a financing of $3,250,000; and
- Adjusted expenses to reflect the operational requirements of the business.

MANAGEMENT CHANGES

On August 17, 2018, Rob Goehring resigned from the board of directors and as the chief executive officer of the Company. In his place, Patrick C.T. Morris was appointed as interim president and a director to the board.

On January 24, 2019, Cam Paddock resigned from the board of directors. In his place, Geoff Balderson was appointed as a director of the Company.

MAIN PERFORMANCE INDICATORS

Management considers that the main indicators of the Company's performance are the following: net and comprehensive 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

Operating expenses increased by $617,834 or 56% in 2018 compared to 2017.

Net and comprehensive loss decreased by $165,110 or 7%, EBITDA decreased by 7% or $162,037, Adjusted EBITDA increased by $163,448 or 8% in the year ended September 30, 2018 compared to 2017.

Total assets increased by $596,620 or 171% and working capital increased by $981,610 for the year ended September 30, 2018.

	For the twelve months ended		
	September 30, 2018 (audited) $	**September 30, 2017 (audited) $**	**September 30, 2016 (audited) $**
Revenue	-	-	-
Loss from continuing operations	(1,738,901)	(1,120,394)	(3,565,540)
Loss from discontinued operations	(453,389)	(1,237,006)	(1,153,143)
Net loss and comprehensive loss	(2,192,290)	(2,357,400)	(4,718,683)
EBITDA	(2,182,484)	(2,344,521)	(4,636,602)
Adjusted EBITDA	(2,335,074)	(2,171,626)	(1,203,991)
Basic and diluted loss per share from continuing operations	(0.16)	(0.26)	(2.20)
Basic and diluted loss per share from discontinued operations	(0.04)	(0.29)	(0.71)
Basic and diluted loss per share	(0.20)	(0.55)	(2.90)
Total assets	945,945	349,325	1,465,751
Long-term financial liabilities	-	67,565	86,430
Dividends distributed	-	-	-

Reconciliation of EBITDA and adjusted EBITDA

	For the twelve months ended		
	September 30, 2018 $	**September 30, 2017 $**	**September 30, 2016 $**
Net loss and comprehensive loss	(2,192,290)	(2,357,400)	(4,718,683)
Interest	9,806	12,879	82,081
EBITDA	(2,182,484)	(2,344,521)	(4,636,602)

Foreign exchange loss (gain)	2,201	(1,545)	-
Gain on sale of subsidiary	(125,708)	-	-
Share-based compensation	(29,083)	174,440	1,261,153
Loss on convertible debt conversion	-	-	121,055
Stock exchange listing expense	-	-	2,050,403
Adjusted EBITDA	(2,335,074)	(2,171,626)	(1,203,991)

Operating expenses

Operating expenses increased during the year ended September 30, 2018 by $617,834 compared to 2017. Sales and marketing expenses declined by $657,018 due to the reduction of consultants in this area. The Company reduced spending in the above area due to the challenges of raising capital to fund operations. The Company's general and administrative expenses increased by $33,225 during the year ended September 30, 2018 as compared to 2017. The Company's consulting fees increased by $1,445,150 during the year ended September 30, 2018 compared to 2017 due to increased consulting services as the Company searches for new business opportunities. Share-based compensation declined by $203,523 due to less options were granted during the year ended September 30, 2018 compared to the prior year along with the reversal of stock-based compensation for options forfeited during the year.

Net and comprehensive loss

During the year ended September 30, 2018, the net loss and comprehensive loss decreased by $165,110 compared to 2017. The change in net loss and comprehensive loss were due to the net changes in the factors as described above.

EBITDA

EBITDA decreased by $162,037 for the year ended September 30, 2018 compared to the prior year. The main reason for this is due to the respective decline and increase in operating expenses as discussed above.

Adjusted EBITDA

Adjusted EBITDA decreased by $163,448 for the year ended September 30, 2018 compared to the prior year. This change reflects the increase in operating expenses described above.

Assets

The Company's assets increased by $596,620 during the year ended September 30, 2018. The change in assets was mainly due to the increase of cash due to the completion of private placement during the year.

INTERIM QUARTERLY HIGHLIGHTS

For the quarter ended:	**September 30, 2018**	**June 30, 2018**	**March 31, 2018**	**December 31, 2017**
Revenue	$ -	$ -	$ -	$ -
Loss from continuing operations	(798,451)	(752,009)	(88,886)	(99,555)
Income (Loss) from discontinued operations	125,708	(80,189)	(285,025)	(213,883)
Net and comprehensive loss	(672,743)	(832,198)	(373,911)	(313,438)
Loss per share from continuing operations*	(0.05)	(0.05)	(0.02)	(0.02)
Income (Loss) per share from discontinued operations*	0.00	(0.01)	(0.06)	(0.04)
Comprehensive loss per share*	$ (0.04)	$ (0.05)	$ (0.08)	$ (0.06)
Weighted average number of shares*	17,483,123	15,147,958	4,983,124	4,983,124

For the quarter ended:	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**	**December 31, 2016**
Revenue	$ -	$ -	$ -	$ -
Loss from continuing operations	(440,068)	(371,472)	(121,597)	(187,257)
Loss from discontinued operations	(343,670)	(213,127)	(311,675)	(368,534)
Net and comprehensive loss	(783,738)	(584,599)	(433,272)	(555,791)
Loss per share from continuing operations*	(0.09)	(0.08)	(0.03)	(0.05)
Loss per share from discontinued operations*	(0.07)	(0.05)	(0.08)	(0.10)
Comprehensive loss per share*	$ (0.16)	$ (0.13)	$ (0.11)	$ (0.14)
Weighted average number of shares*	4,772,564	4,396,107	3,913,383	3,865,707

* 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.

FOURTH QUARTER

Operating expenses

Operating expenses increased during the three months ended September 30, 2018 by $266,550 compared to the same period in 2017. Sales and marketing expenses declined by $279,393 due to the reduction of consultants in this area. The Company's general and administrative expenses decreased by $31,600 during the three months ended September 30, 2018. The Company's consulting fees increased by $713,057 during the three months ended September 30, 2018 compared to 2017 due to increased consulting services as the Company searches for new business opportunities. Share-based compensation declined by $135,514 due to less options were granted during the three months ended September 30, 2018 as compared to the same period in 2017 along with the reversal of stock-based compensation for options forfeited during the period.

Net and comprehensive loss

During the three months ended September 30, 2018, the net loss and comprehensive loss decreased by \$110,995 compared to the same period in 2017. The change in net loss and comprehensive loss were due to the net changes in the factors as described above.

EBITDA

EBITDA decreased by \$108,145, for the three months ended September 30, 2018 compared to the same period of prior year. The main reason for this is due to the respective decline and increase in operating expenses as discussed above.

Adjusted EBITDA

Adjusted EBITDA decreased by \$67,314 for the three months ended September 30, 2018 compared to the same period of prior year. This change reflects the increase in operating expenses 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 trade receivables, management of cash, and use of equity financings when appropriate.

Cash used in operating activities was \$1,142,417 for the year ended September 30, 2018, compared to \$546,028 for the prior year ended September 30, 2017. The increase in cash during the year ended September 30, 2018 is attributable to a lower net loss for the year, working capital changes from decreased deferred revenue and prepaid expenses and increased accounts receivable and accounts payable and accrued liabilities.

Cash from financing activities was \$2,401,975 for the year ended September 30, 2018, which comprised of the net proceeds from issuance of common shares and loans received, offset by repayment of loans payable and finance lease obligations compared to \$1,198,795 for the prior year ended September 30, 2017.

There was no investing activity during the years ended September 30, 2018 and 2017.

Net cash used in discontinued operations was \$463,189 for the year ended September 30, 2018 as compared to \$1,229,227 for the prior year ended September 30, 2018.

The Company is currently reliant on the issuance of equity shares to meet its financial obligations. To further manage liquidity, the Company had also engaged in short-term borrowings. The Company currently has outstanding loan with 3rd party lender. 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 September 30, 2018, the Company had cash of \$864,967 and accounts receivable of \$57,670 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 September 30, 2018 were \$72,165 and at September 30, 2017 were \$331,644. The decrease in current liabilities was mainly due to the sale of subsidiary. At September 30, 2018, the Company's working capital was $873,780 and it had a working capital ratio of 1,311% compared to September 30, 2017, where the Company's working capital deficit was $107,830 and it had a working capital ratio of 67%. Until the Company is able to start earning revenue, 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.

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 years ended September 30, 2018 and 2017 are as follows:

		2018		2017
Wages and benefits	$	653,876	$	803,203
Consulting fees		21,684		21,770
Share-based compensation		6,777		107,757
	$	682,337	$	932,730

In addition to the above, consulting fees of $100,000 were paid to companies controlled by a former director. Consulting fees of $100,000 were also paid to a company controlled by the former CEO during the year.

Wages and benefits of $653,876 (2017 - $803,203) are included in the following expenses:

		2018		2017
Sales and marketing	$	254,402	$	265,232
General and administrative		331,974		447,971
Research and development		67,500		90,000
	$	653,876	$	803,203

SALE OF SUBSIDIARY

RewardStream Solutions NA Inc. ("RSNA") was 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 an upfront cash payment of $150,000 (the "Closing Payment") 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. The royalty will be first applied against the Closing Payment until such fees equal $150,000.

Purchase consideration	**$**	**150,000**
Cash		40,276
Accounts receivable		136,994
Prepaid expenses and deposits		23,642
Equipment and leasehold improvements		88,676
Accounts payable and accrued liabilities		(45,985)
Due to Buyapowa		(35,000)
Other current liabilities		(95,216)
Finance lease obligation		(892)
Deferred revenue		(32,755)
Lease improvement allowance		(55,448)
Net assets sold		**24,292**
Gain on sale of subsidiary	**$**	**125,708**

The subsidiary has been classified as discontinued operation. The following summarizes operating and cash flow information relating to the discontinued operations.

	For the years ended September 30,			
		2018		**2017**
REVENUE	$	894,540	$	1,360,995
COST OF SALES		(270,212)		(462,455)
		624,328		898,540
EXPENSES				
Sales and marketing		366,992		707,555
General and administrative		689,379		943,233
Research and development		131,373		443,431
Depreciation		18,115		29,465
Finance income		404		-
Foreign exchange loss (gain)		(2,838)		11,862
		1,203,425		2,135,546
OTHER ITEMS				
Gain from sale of subsidiary		125,708		-
Loss from discontinued operations	**$**	**(453,389)**	**$**	**(1,237,006)**

	For the years ended September 30,			
Cash used in:		**2018**		**2017**
Operating activities	$	(453,389)	$	(1,229,227)
Gain from sale of subsidiary		(125,708)		-
Non-cash allowance for disposal of leasehold and equipment		6,183		-
Net cash received from sale of subsidiary		109,725		-
Total cash used in discontinued operations	**$**	**(463,189)**	**$**	**(1,229,227)**

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 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. The Company is exposed to foreign currency risk to the extent of 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”)). To mitigate this risk, the Company has not historically used or entered into any foreign currency contracts. 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

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 10 old common shares. All share and share equivalent amounts have been restated to retrospectively reflect this consolidation. As at September 30, 2018, the Company had 17,483,123 common shares, 13,553,619 warrants and Nil stock options. Conversion of these warrants and stock options would result in 31,036,742 outstanding common shares.

As at the date of this MD&A, the Company had 17,483,123 common shares, 13,553,619 warrants and Nil stock options. Conversion of these warrants and stock options would result in 31,036,742 outstanding common shares.

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with generally accepted Canadian accounting principles and include certain amounts based on management’s best estimates using careful judgment. The selection of accounting principles and methods is management’s responsibility.

Management recognizes its responsibility for conducting the Company’s affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee’s role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

SUBSEQUENT EVENTS

On October 9, 2018, consulting fees of $10,500 were paid an individual who is a principal of Northwest Marketing Management. On December 1, 2018 the Company entered into an agreement with the individual for consulting services commencing December 1, 2018 for a 12 month period, for $10,000 per month. The total amount of this contract of $120,000 was advanced to the individual in December.

On October 29, 2018, the Company advanced funds for consulting services relating to work to be performed November 1, 2018 to November 1, 2019 in the amount of $94,500.

On November 19, 2018, the Company advanced funds for consulting services in the amount of $40,000.

On January 24, 2019, Cam Paddock resigned from the board of directors. In his place, Geoff Balderson was appointed as a director of the Company.