REWARDSTREAM SOLUTIONS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED DECEMBER 31, 2019 AND 2018

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

Notice of No Auditor Review of Condensed Interim Financial Statements

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim financial statements for the three months ended December 31, 2019. These financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

REWARDSTREAM SOLUTIONS INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT December 31, 2019 and September 30, 2019
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

		December 31, 2019		September 30, 2019
ASSETS				
CURRENT ASSETS				
Cash	$	1,351	$	1,221
Accounts receivable		5,997		74,452
Prepaid expenses (Note 5)		43,069		43,069
Total assets	$	50,417	$	118,742
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities (Note 5)	$	117,444	$	133,319
Total liabilities		117,444		133,319
SHAREHOLDERS' EQUITY (DEFICIENCY)				
Share capital (Note 4)		15,996,267		15,996,267
Share-based compensation reserve (Note 4)		1,860,580		1,860,580
Warrant reserve (Note 4)		288,995		288,995
Deficit		(18,212,869)		(18,160,419)
Total equity (deficiency)		(67,027)		(14,577)
Total liabilities and shareholders' equity	$	50,417	$	118,742

Nature of business and continuance of operations (Note 1)

Approved and authorized by the Board of Directors:

"Patrick C.T. Morris"
Patrick C.T. Morris, Director

"Geoff Balderson"
Geoff Balderson, 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
For the three months ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

		2019		2018
				(Note 8)
EXPENSES				
Bank charges	$	38	$	46
Consulting fees (Note 5)		33,600		293,825
Office and miscellaneous		-		6,690
Professional fees		1,370		-
Rent		12,000		-
Transfer agent and filing fees		2,493		-
Travel expenses		4,256		30,129
		(53,757)		(330,690)
Net loss before other item		(53,757)		(330,690)
OTHER ITEM				
Interest income		1,307		-
Net loss and comprehensive loss for the period	$	(52,450)	$	(330,690)
Basic and diluted loss per share	**$**	**(0.00)**	**$**	**(0.02)**
Weighted average number of common shares outstanding		**17,483,123**		**17,483,123**

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

REWARDSTREAM SOLUTIONS INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
For the three months ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	SHARE CAPITAL				RESERVES						
	Number of Shares		**Amount**		**Share-based Compensation Reserve**		**Warrant Reserve**		**Deficit**		**Total Equity (Deficiency)**
Balance at September 30, 2018	17,483,123	$	15,996,267	$	1,860,580	$	288,995	$	(17,272,062)	$	873,780
Net loss for the period	-		-		-		-		(330,690)		(330,690)
Balance at December 31, 2018	17,483,123	$	15,996,267	$	1,860,580	$	288,995	$	(17,602,752)	$	543,090
Balance at September 30, 2019	17,483,123	$	15,996,267	$	1,860,580	$	288,995	$	(18,160,419)	$	(14,577)
Net loss for the period	-		-		-		-		(52,450)		(52,450)
Balance at December 31, 2019	17,483,123	$	15,996,267	$	1,860,580	$	288,995	$	(18,212,869)	$	(67,027)

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

REWARDSTREAM SOLUTIONS INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
For the three months ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	2019	2018
OPERATING ACTIVITIES		
Net loss for the period	$ (52,450)	$ (330,690)
Changes in non-cash working capital items:		
Accounts receivable	68,456	(5,688)
Accounts payable and accrued liabilities	(15,876)	(6,011)
Cash provided (used in) operating activities	130	(342,389)
FINANCING ACTIVITY		
	-	-
Cash provided by (used in) financing activity	-	-
INVESTING ACTIVITY		
	-	-
Cash provided by (used in) investing activity	-	-
CHANGE IN CASH	130	(342,389)
CASH, BEGINNING	1,221	864,967
CASH, ENDING	$ 1,351	$ 522,578

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") was incorporated under the laws of British Columbia on March 23, 1999 and continued under the *Canada Business Corporations Act* on December 22, 1999. The Company was subsequently continued under the laws of British Columbia on October 21, 2015. The head office and records are located at Suite 1000, 409 Granville Street, Vancouver, British Columbia V6C 1T2. RewardStream Solutions trades on the TSX Venture Exchange under the symbol "REW".

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company realized a net loss of $52,450 for the period ended December 31, 2019. As at December 31, 2019, the Company had an accumulated deficit of $18,212,869. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

The Company's continued existence is dependent upon its ability to raise additional capital and to identify and acquire a suitable business opportunity. Failure to do so would have an adverse effect on the financial position of the Company and its ability to continue as a going concern. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These financial statements do not include any adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of compliance

This condensed interim financial information for the three months ended December 31, 2019 have been prepared in accordance with IAS 34 "Interim financial reporting". The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended September 30, 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on February 18, 2020.

b) Basis of measurement

These financial statements have been prepared on a historical basis, except for certain financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as September 30, 2019. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended September 30, 2019.

The following new standard and interpretation was adopted on October 1, 2019.

IFRS 16 *Leases* replaces IAS 17, Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a services contract on the basis of whether the customer controls the assets begin leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that have also adopted IFRS 15.

The adoption of IFRS 16 has not had a significant impact on the Company's financial statements.

<u>Use of estimates and judgments</u>

The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period.

Significant areas requiring the use of management judgments include:

The going concern assumption

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

The Company bases its estimates and judgments on current facts and various other factors that it believes to be reasonable under the circumstances. The actual results experienced by the Company may differ materially and adversely from the Company's estimates and could affect future results of operations and cash flows.

(Expressed in Canadian Dollars)

4. SHARE CAPITAL

a) Authorized:
unlimited common shares, without par value

b) Issued and outstanding:

There were no shares issued during the three months ended December 31, 2019 and during the year ended September 30, 2019.

c) Stock options

The Company has a stock option plan (the "Plan") that permits the grant of share purchase options up to 10% of the issued and outstanding common shares of the Company to directors, officers, key employees and consultants. Terms of the options granted are subject to determination and approval by the Board of Directors.

There were no stock options granted during the three months ended December 31, 2019 and during the year ended September 30, 2019.

d) Warrants

The table below summarizes the information on the outstanding warrants of the Company for the three months ended December 31, 2019 and for the year ended September 30, 2019:

	Number of Warrants	Weighted Average Exercise Price	
Balance, September 30, 2018	13,553,619	$	0.42
Warrants expired	(13,553,619)		0.34
Balance, September 30, 2019 and December 31, 2019	-	$	-

5. 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 three months ended December 31, 2019 and 2018 are as follows:

		2019		2018
Consulting fees				
Enermetal Ventures Inc. (controlled by CEO)	$	15,000	$	10,000
Harmony Corporate Services Ltd (controlled by CFO)		9,600		-
	$	24,600	$	10,000

5. RELATED PARTY TRANSACTIONS (Continued)

Prepaid expenses at December 31, 2019, includes $43,069 (September 30, 2019 - $43,069) in advances to a company controlled by the CEO for travel expenses and consulting fees.

Accounts payable and accrued liabilities at December 31, 2019 includes $444 (September 30, 2019 - $7,230) owing to a company controlled by the CFO for unpaid fees and expense reimbursements.

6. FINANCIAL INSTRUMENTS

The carrying values of cash, accounts receivable, 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 three months ended December 31, 2019.

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 institution in interest-bearing accounts.

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. As at December 31, 2019, the Company has a working capital deficiency of $67,027. Management is considering different alternatives to secure adequate debt or equity financing to meet the Company's short term and long-term cash requirement.

At present, the Company's operations do not generate cash flow. The Company's primary source of funding has been the issuance of equity securities. Despite previous success in acquiring financing, there is no guarantee of obtaining future financings.

6. FINANCIAL INSTRUMENTS (Continued)

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 December 31, 2019. Interest rate risk is minimal as loans have a fixed interest rate.

(ii) Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

7. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard its ability to continue as a going concern. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and makes adjustments to it to effectively support the Company's objectives. In order to pay for general administrative costs, the Company will raise additional amounts as needed.

The Company reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company considers shareholders' equity and working capital as components of its capital base. The Company may access capital through the issuance of shares or the disposition of assets. Management historically funds the Company's expenditures by issuing share capital rather than using capital sources that require fixed repayments of principal and/or interest. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products. The Company believes it will be able to raise additional equity capital as required, but recognizes the uncertainty attached thereto.

8. COMPARATIVE FIGURES

Certain of the comparative figures for three months ended December 31, 2018 have been restated in order to conform to the current period's presentation.