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Points reports Q3 2003 results

Highlights include continued revenue growth

Toronto, November 21, 2003 – Points International Ltd. (TSXV: PTS), operator of the only independent loyalty program currency exchange – at www.points.com – reported financial results for the period ending September 30, 2003.

"During the quarter, Points continued to focus on key business expansion, including recent major developments in our most important corporate relationships," said Rob MacLean, CEO of Points. "Through 2003, we have invested significant effort and resources on critical partnerships such as American Airlines AAdvantage, InterActiveCorp and eBay, and we are excited about the potential for our business' continued healthy growth rate."

"Points has built and launched several additional solutions for the eBay Anything™ Points program – solutions that enhance both eBay's new loyalty program and our *pointsxchange*® offering," MacLean noted. "Expansion of our eBay relationship includes integration work related to the new MBNA Anything™ Points credit card and integration of several Anything™ Points earn partners such as Lending Tree and Sprint. This, along with the *pointsxchange*, has been a critical factor in the successful launch of eBay's program."

Financial highlights:

- Revenue of $1.65 million ($US 1.18 million) for Q3 2003, compared with revenue of $729,467 ($US 486,311) earned during Q3 2002, and $1.46 million ($US 1.04 million) reported for Q2 2003. The quarter-over-quarter revenue growth rate was 13% from Q2 to Q3 2003 and 126% from Q3 2002. The majority of revenues continue to be based on core, recurring transactions.

- General & Administrative expenses were $2.16 million, up from $1.71 million for Q2 2003. The growth in G&A expenses relates to investment for the acquisition of new partners and the expansion of the eBay relationship. This managed growth in G&A expenses is expected to continue at a similar pace through Q4 2003.

- Non-cash expenses accounted for $1.11 million of the $1.63 million quarterly net loss (including $730,353 in amortization of assets and $384,625 in accrued interest). Points expects amortization expenses to drop significantly after 2003 as certain assets become fully amortized.

- Points has now powered the online exchange, sale and transfer of over 2.6 billion points and miles.

- Exchange volume during Q3 2003 represents the second best quarter ever, with volumes 3.6 times those for Q1 2003, and more than the total volume for all of 2002. The cumulative number of miles exchanged increased by 32% during Q3 2003.

- The average volume of points per member exchange transaction also continued to grow through the quarter, increasing to 20,900 from 18,300 during Q2 and 12,700 during Q1.

Key business developments during Q3 2003 and to date

- As previously announced, Points completed a new multi-year agreement with cornerstone partner American Airlines AAdvantage, the world's largest and most powerful loyalty program. This commitment offers significant growth potential for Points, extending a number of existing short-term agreements through 2007, including those for pointsxchange®, pointspurchase™ and pointstransfer™.

- In the first quarter of our relationship with eBay, Points worked closely with this major new loyalty player to launch two program enhancements. The recently announced eBay Anything™ Points credit card from MBNA and other integrations are great steps forward for both the Anything™ Points program and for Points growing support role.

- During Q3 2003, Points established a relationship with Cendant Corp.'s new loyalty initiative, Trip Rewards.

- *pointsxchange* has attracted 33 participants, representing over 142 million member accounts and approximately 7,000 exchange opportunities (including gift certificate programs). Points was excited to add new *pointsxchange* relationships with KidsFutures, BabyMintz and NestEggs. Additionally, Points has a total of 38 custom solutions products deployed, including over 8 with eBay alone.

More about Points International Ltd. and www.points.com

Points operates the only independent loyalty points exchange – at www.points.com – allowing consumers to exchange points and miles from one participating loyalty program to another to achieve the rewards they want faster than ever before.

Pointsxchange® has to date attracted close to 33 partners, including industry leaders eBay (*Anything Points*), American Airlines (AAdvantage), InterContinental Hotels (Priority Club® Rewards), Air Canada (Aeroplan), Delta Air Lines (Sky Miles), Imperial Oil (Esso Extra), GiftCertificates.com, Fairmont Hotels & Resorts, Cathay Pacific Airways (Asia Miles), American West Airlines (FlightFund), Alaska Airlines, (Mileage Plan), Sprint, JCPenney and many more.

Through a portfolio of custom technology solutions, Points is building rewarding partnerships with the world's leading loyalty players. Additional *Points Solutions* include the innovative *pointspurchase*™ and *pointsgift* solutions, which power the online sale of miles and points to members of leading loyalty programs.

Points Solutions, including *pointsxchange*, are internationally marketed to travel providers and loyalty programs through a distribution alliance with Sabre, the leading provider of technology, distribution and marketing services for the travel industry.

Points shares trade on the TSX Venture exchange under the symbol PTS.

For more information, please contact:

Investor Relations
Points International Ltd.
416-596-6381
christopher.barnard@points.com

THE TSX VENTURE EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE

ATTACHMENT:

POINTS INTERNATIONAL LTD.

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three-month period ending September 30, 2003

POINTS INTERNATIONAL LTD.
UNAUDITED INTERIM CONSOLIDATED BALANCE SHEETS

as at Sept. 30, 2003

	Sept. 30, 2003	Dec. 31, 2002
assets		
CURRENT		
Cash and short-term deposits	$ 21,833,287	$ 7,341,700
Accounts receivable	770,543	267,632
Prepaid and sundry assets	846,469	657,367
	23,450,299	8,266,699
LONG-TERM INVESTMENTS	151,629	151,629
FUTURE INCOME TAXES RECOVERABLE	590,000	590,000
CAPITAL ASSETS	836,520	1,764,199
INTANGIBLE ASSETS (Note 3)	1,507,545	1,956,539
DEFERRED COSTS	2,920,804	410,954
TOTAL ASSETS	$ 29,456,797	$ 13,140,020
liabilities		
CURRENT		
Accounts payable and accrued liabilities	$ 889,870	$ 1,017,955
Deposits	10,545,584	8,946,631
Current portion of obligation under capital leases	154,898	407,128
	11,590,352	10,371,715
LONG-TERM CONVERTIBLE DEBT	7,677,500	7,182,500
LONG-TERM CONVERTIBLE PREFERRED SHARE	12,807,478	-
	32,075,330	17,554,215
shareholders' equity		
CAPITAL STOCK	17,726,761	14,361,033
WARRANTS	2,785,737	425,588
RETAINED EARNINGS	(23,131,032)	(19,200,816)
	(2,618,534)	(4,414,195)
	$ 29,456,797	$ 13,140,020

POINTS INTERNATIONAL LTD.

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

for the periods ended Sept. 30

	9 Month Period Jan- Sept. 30/03	*9 Month Period Jan- Sept. 30/02*	*3 Month Period July- Sept.30/03*	*3 Month Period July- Sept.30/02*
REVENUE				
Points.com	$ 4,166,147	$ 1,412,088	$ 1,539,780	$ 707,546
Interest Income	243,179	44,264	107,786	21,921
TOTAL REVENUE	4,409,326	$1,456,352	1,647,566	729,467
GENERAL AND ADMINISTRATION	5,378,154	5,168,636	2,160,978	1,656,786
OPERATING LOSS – before interest, amortization and other deductions	(968,828)	(3,712,284)	(513,412)	(927,319)
Other interest expenses	9,538	38,138	2,625	9,303
Interest on convertible debt	495,000	495,000	165,000	165,000
Amortization of capital assets, intangible assets and deferred costs	2,049,372	1,684,011	730,353	623,450
Interest on Series Two Preferred Share	407,477	-	217,000	-
	2,961,387	2,217,149	1,114,978	797,753
LOSS – From continuing operations	(3,930,216)	(5,929,433)	(1,628,391)	(1,725,072)
DISCONTINUED OPERATIONS				
Loss from discontinued operations	-	(115,945)	-	-
Share of loss of disposed significantly influenced investments	-	-	-	-
NET LOSS	(3,930,216)	(6,045,378)	(1,628,391)	(1,725,072)
DEFICIT – Beginning of period	(19,200,816)	(11,393,437)	(21,502,641)	(15,713,743)
DEFICIT – End of period	$ (23,131,032)	$ (17,438,815)	$ (23,131,032)	$ (17,438,815)
LOSS PER SHARE FROM CONTINUING OPERATIONS	$ (0.07)	$ (0.11)	$ (0.03)	$ (0.03)
NET LOSS PER SHARE	$ (0.07)	$ (0.12)	$ (0.03)	$ (0.03)

POINTS INTERNATIONAL LTD.

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

for the periods ended Sept. 30

	9 Month Period Jan- Sept. 30/03	*9 Month Period Jan-Sept.30/02*	*3 Month Period July - Sept 30/03*	*3 Month Period July-Sept. 30/02*
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss from continuing operations	$ (3,930,215)	$ (5,929,433)	$ (1,628,390)	$ (1,725,072)
Items not affecting cash				
Amortization – capital assets	1,162,453	1,122,563	403,842	383,821
Amortization – deferred costs	319,766	246,570	137,460	82,190
Amortization – acquired technology	567,150	314,878	189,050	157,439
Shares issued in exchange for services	-	366,379	-	215,000
Warrants issued in exchange for services		2,775		2,775
Interest on Convertible Debenture	495,000	495,000	165,000	165,000
Interest on Series 2 Preferred Shares	407,478	-	217,000	-
	(978,368)	(3,381,268)	(516,038)	(718,847)
Changes in non-cash balances related to operations	778,853	3,176,409	(1,987,151)	416,993
CASH FLOWS USED IN OPERATING ACTIVITIES	(199,515)	(204,859)	(2,503,189)	(301,854)
CASH FLOWS FROM INVESTING ACTIVITIES				
Repayment of loans receivable	-	19,500	-	-
Acquisition of intangible assets	(118,155)	(105,164)	(26,193)	(101,654)
Purchase of capital assets, net of proceeds	(234,774)	(61,064)	(113,063)	(1,500)
Fees paid on the acquisition of Points.com Inc.	-	(139,750)	-	-
CASH FLOWS USED IN INVESTING ACTIVITIES	(352,929)	(286,478)	(139,256)	(103,154)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of capital stock, net of issue costs	913,309	2,632,968	95,367	(13,126)
Issuance of warrants	2,700,000	-	-	-
Issuance of Series Two Preferred Share	12,400,000	-	-	-
Costs associated with the issuance of warrants and the Series 2 Preferred Share	(717,048)	-		-
Repayment of obligations under capital lease	(252,230)	(495,758)	(16,514)	(142,945)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	15,044,031	2,137,210	78,853	(156,071)
INCREASE (DECREASE) IN CASH FROM CONTINUING OPERATIONS	14,491,587	1,645,873	(2,563,592)	(561,079)
CASH FLOWS USED IN DISCOUNTINUED OPERATIONS	-	(115,945)	-	-
INCREASE IN CASH FROM ALL ACTIVITIES	14,491,587	1,529,928	(2,563,592)	(561,079)
CASH AND SHORT-TERM INVESTMENTS – Beginning of period	7,341,700	2,894,380	24,396,879	4,985,387
CASH AND SHORT-TERM INVESTMENTS - End of period	$ 21,833,287	$ 4,424,308	$ 21,833,287	$ 4,424,308

POINTS INTERNATIONAL LTD.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2003

1. Accounting policies

The company's interim financial statements have been prepared using accounting policies consistent with those used for the preparation of its annual financial statements. These interim financial statements should be read in conjunction with its financial statements for the 12-month period ended December 31, 2002. They contain all adjustments which management believes necessary for fair presentation of the financial position, results of operations and cash flows.

2. Segmented information

Reportable segments: The company has only one operating segment whose operating results are regularly reviewed by the company's chief operating decision maker and for which complete and discrete financial information is available. The company's business is carried on in the industry of loyalty program asset management. The attached consolidated balance sheets as at September 30, 2003 and December 31, 2002 present the financial position of this segment. The continuing operations reflected on the attached consolidated statements of operations are those of this operating segment. The discontinued operations relate to the company's previous segment of Internet business generation discontinued in 2001.

Enterprise-wide disclosures: $4,110,915 (September 30, 2002 - $1,319,997) of the company's revenues were generated in the U.S. for the nine month period, with the remaining revenues generated in Canada, Europe and Asia. A significant majority of the company's assets are located in Canada.

3. Economic dependence

For the nine-month period ended September 30, 2003, approximately 65% of the company's revenues are from its two largest customers (77% at September 30, 2002). In addition, as at September 30, 2003, 59% of the company's deposits are due to these customers (68% as at December 31, 2002).

4. Comparative figures

Certain accounts of the fiscal 2002 comparative figures have been reclassified to conform with the current period's presentation.

5. Stock-based compensation

Effective January 1, 2002 the company adopted CICA 3870 ("Stock-based Compensation and Other Stock-based Payments"). As permitted by CICA 3870 the company has applied this change prospectively for new awards granted on or after January 1, 2002. The company has chosen to recognize no compensation when stock options are granted to employees and directors under stock option plans with no cash settlement features. In periods prior to January 1, 2002 the company recognized no compensation when stock or stock options were issued to employees. Supplementary pro forma information regarding net income is required by CICA 3870 as if the company had accounted for its employee stock options granted after December 31, 2001 under the fair value method.

During the quarter ended September 30, 2003, 142,500 options were issued to employees. The fair value for these options was estimated at the date of granting using a Black-Scholes Option Pricing Model with the following assumptions: weighted-average risk-free interest rates of 5%; dividend yields of nil; weighted-average volatility factors of the expected market price of the Company's common shares of 187%; and a weighted-average expected life of the options of five years. For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting periods. The company's pro forma net income under Canadian GAAP would be reduced by $56,000 for the nine months ended September 30, 2003. Basic earnings-per-share figures would not have changed. The weighted average fair value of stock options granted during the three months ended September 30, 2003 was $120,000.

6. InterActiveCorp transaction

On April 11, 2003, the company closed a transaction with InterActiveCorp (formerly USA Interactive) (the "IAC Transaction") pursuant to which IAC (through an affiliate of IAC created for this purpose), made a Cdn$15.1 million investment in the company. Under the terms of the IAC Transaction, the company issued one convertible Series Two Preferred Share and common share purchase warrants (the "Warrants") for aggregate cash consideration of $15.1 million.

As at September 30, 2003, the Series Two Preferred Share is convertible, for no additional consideration, into 19,246,226 common shares (19.9% of the common shares of the company (calculated on an adjusted fully-diluted basis)). Of the total investment, $12.4 million has been allocated to the purchase of the Series Two Preferred Share. The company is required to redeem the Series Two Preferred Share on March 31, 2013 (if the share has not been previously converted) at an amount equal to the greater of $12,400,000 plus 7% per annum and the market value of the common shares into which the preferred share could then be converted. The Warrants are exercisable over three years to acquire up to 55% of the common shares of the company (calculated on a adjusted fully diluted basis) less the number of common shares issued or issuable on conversation of the Series Two Preferred Share**.** As at September 30, 2003, the Warrants are exercisable to acquire up to 72,909,483 common shares. The number of common shares issuable on conversion of the Series Two Preferred Share and exercise of the Warrants is subject to adjustment in certain circumstances. For accounting purposes, the Series Two Preferred Share will be presented as a liability and the annual 7% charge will be recorded as a non-cash expense on the income statement.

More comprehensive disclosure is contained in the material change report of the company dated March 21, 2003, and the company's 2002 Annual Information Form, both filed on SEDAR.

7. Transaction with American Airlines

On September 4, 2003 (effective August 27, 2003), the Corporation announced an agreement with American Airlines which significantly enhances its commercial relationship. The agreement will fix certain revenues to the Corporation over a period of five years. In consideration of the value of the agreement to the Corporation, the Corporation issued 2,196,635 common shares to American Airlines valued at $2,086,803.25. The shares have been classified as deferred costs in the attached consolidated balance sheet and will be amortized over a period of 5 years.

8. Subsequent Events (up to and including events of November 20, 2003)

As described in the Corporation's Management Information Circular of May 16, 2003, the Corporation received final Exchange approval for the issuance of the Excess Grant Shares and

Excess Put Rights Shares on October 30, 2003. The Corporation expects to grant the Residual Put Rights in respect of the Excess Put Rights Shares in the near future.