



KOIOS BEVERAGE CORP.

**Annual Information Form
For the Year Ended May 31, 2018**

Dated October 10, 2018

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ANNUAL INFORMATION FORM

In this Annual Information Form (this “AIF”), unless otherwise noted or the context indicates otherwise, references to the “Company”, “we”, “us” and “our” refer to Koios Beverage Corp.

All dollar amounts stated, unless otherwise stated, are expressed in Canadian dollars. The information contained herein is dated as of October 10, 2018, unless otherwise stated.

1. NOTE REGARDING FORWARD-LOOKING STATEMENTS

This AIF contains certain information that may constitute forward-looking information and forward-looking statements as such terms are defined under applicable Canadian securities laws (collectively, the “**Forward-Looking Statements**”) which are based on management’s current internal expectations, estimates, projections, assumptions and beliefs. Forward-Looking Statements can be identified by the use of forward-looking terminology such as “expect”, “likely”, “may”, “will”, “should”, “intend”, “anticipate”, “potential”, “proposed”, “estimate”, and other similar words, including negative and grammatical variations thereof. The Forward-Looking Statements may include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance and other statements that are not statements of fact. The Forward-Looking Statements are made only as of the date of this AIF. The Forward-Looking Statements include, but are not limited to, statements with respect to:

- the competitive nature of the functional beverage industry, development and operations;
- the continued growth of the cannabis-infused beverage market;
- the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interests; and
- other risks described in this AIF and described from time to time in our documents filed with Canadian securities regulatory authorities.

The Company has made certain assumptions with respect to the Forward-Looking Statements regarding, among other things:

- continued market demand for our products;
- our expectations to obtain regulatory and certification approvals as required for newly developed products;
- our plan to continue the development of functional beverages and licensing of our functional beverage formula to third parties in connection with the production of cannabis-infused functional beverages;
- our expectations in relation to our future financial needs; and
- our ability to maintain ongoing working relationships with our co-packers.

The actual results, performance or achievements of the Company could differ materially from those anticipated in the Forward-Looking Statements as a result of the risk factors set forth below and under the heading “Risk Factors”, including, but not limited to, risks related to:

- (a) the volatility of the company’s stock price and market conditions;
- (b) the Company’s need to raise further capital;
- (c) reliance on third-party co-packers and distributors;
- (d) reliance on third party licensee to use functional beverage formula to create and produce cannabis-infused beverages;
- (e) maintaining customer relationships;
- (f) raw materials shortages or increases in the cost of co-packing;
- (g) the Company’s ability to estimate product demand;
- (h) trademark infringements or claims of infringement;
- (i) maintaining trade secrets in confidence;
- (j) product recall or liability;
- (k) key personnel;
- (l) competition;
- (m) market acceptance;
- (n) seasonality;
- (o) changes to the regulatory framework for cannabis and cannabis-infused products;
- (p) regulatory compliance; and
- (q) global economy.

Readers are cautioned that these factors are difficult to predict and that the assumptions used in developing the Forward-Looking Statements may prove to be incorrect. Readers are also cautioned that the list of risk factors contained in this AIF is not exhaustive. Accordingly, readers are cautioned that the Company’s actual results may vary from the Forward-Looking Statements, and the variations may be material.

Although the Company believes that the expectations reflected in the Forward-Looking Statements are reasonable, it can give no assurance that such expectations will prove to be correct, and the Forward-Looking Statements are expressly qualified in their entirety by this cautionary statement. The purpose of the Forward-Looking Statements is to provide the reader with a description of management’s expectations, and the Forward-Looking Statements may not be appropriate for any other purpose. The reader should not place undue reliance on the Forward-Looking Statements. The

Forward-Looking Statements are made as at the date hereof and the Company undertakes no obligation to update or revise any of the Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as required by applicable Canadian securities laws.

2. GLOSSARY OF TERMS

In addition to terms defined elsewhere in this AIF, the following terms, when used in this AIF, will have the following meanings (unless otherwise indicated):

- (a) **“BCBCA”** means the Business Corporations Act (British Columbia) including the regulations thereunder, as amended;
- (b) **“Board”** means the board of directors of the Company;
- (c) **“Common Shares”** means the common shares without par value of the Company;
- (d) **“Company”** means Koios Beverage Corp., formerly Super Nova Petroleum Corp., a company incorporated under the laws of the Province of British Columbia;
- (e) **“Consideration Shares”** means the Common Shares issued to the former shareholders of Koios in connection with the closing of the Transaction;
- (f) **“CBD”** means cannabidiol, a cannabinoid derived from hemp plants;
- (g) **“CPM”** means cost per thousand;
- (h) **“CSE”** means the Canadian Securities Exchange, operated by CNSX Markets Inc.;
- (i) **“D2C”** means direct to consumer delivery;
- (j) **“DSD”** means direct store delivery;
- (k) **“FDA”** means the U.S. Food and Drug Administration;
- (l) **“Koios”** means Koios, Inc., a “C” corporation under the laws of the State of Colorado (formerly Koios, LLC, a limited liability company incorporated under the laws of the State of Colorado);
- (m) **“Listing Statement”** means the Company’s CSE Form 2A Listing Statement dated effective April 16, 2018;
- (n) **“MCT”** means medium-chain triglycerides;
- (o) **“PPC”** means pay-per-click;
- (p) **“RTD”** means ready to drink;
- (q) **“SEDAR”** means the System for Electronic Document Analysis and Retrieval available on the Internet at www.sedar.com;

- (r) **“Transaction”** means the closing of a share exchange agreement dated October 20, 2017 among Koios, the shareholders of Koios and the Company; the bridge loan in the principal amount of \$75,000 that was advanced to Koios by the Company pursuant to a loan agreement dated October 27, 2017; the second bridge loan in the principal amount of \$45,000 that was advanced to Koios by the Company pursuant to a second loan agreement; the arm’s length offering of 11,900,000 subscription receipts at a price per subscription receipt of \$0.20 by the Company for gross proceeds of \$2,380,000; and all other transactions contemplated by the relevant agreements;
- (s) **“Voluntary Escrow Agent”** means Clark Wilson LLP; and
- (t) **“Voluntary Escrow Agreement”** means the voluntary escrow agreement dated April 13, 2018 among the Company, the Voluntary Escrow Agent and the former shareholders of Koios.

3. CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was formed pursuant to an amalgamation under the *Business Corporations Act (British Columbia)* of 0922519 B.C. Ltd. and Super Nova Minerals Corp. on October 2, 2012. On April 3, 2014, the Company changed its name to Super Nova Petroleum Corp. On April 11, 2018, the Company changed its name to Koios Beverage Corp.

Koios, LLC was incorporated on February 6, 2014 pursuant to the laws of the State of Colorado. On March 20, 2018, Koios, LLC was restructured as a “C” corporation under the name Koios, Inc. under the laws of the State of Colorado and in accordance with the limited liability operating agreement of the Koios, LLC.

On October 20, 2017 the Company entered into a Share Exchange Agreement with Koios, whereby the Company agreed to acquire all of the issued and outstanding securities of Koios from the shareholders of Koios in exchange for the issuance, in aggregate, of 15,000,000 Common Shares of the Company. Trading of the Common Shares of the Company on the CSE was halted on October 20, 2017 pending the completion of the Transaction.

On April 13, 2018 the Company completed a reverse takeover of Koios by acquiring all of the issued and outstanding shares of Koios. In consideration for the acquisition of the outstanding securities of Koios, the Company issued an aggregate of 15,000,000 Common Shares at a deemed price of \$0.20 per Common Share to the former shareholders of Koios. In addition, a total of 1,500,000 Common Shares at a deemed price of \$0.20 per Common Share were issued to one finder as finder’s fees in connection with the Transaction.

Following the completion of the Transaction, the Company changed its name to Koios Beverage Corp. and the Company’s trading symbol changed from “SNP” to “KBEV”. As a result of the completion of the Transaction, the Company’s principal business activity became that of Koios, and Koios became a wholly-owned subsidiary of the Company. The Company is engaged in the business of producing nutritional beverage drinks using a proprietary blend of nootropics and

natural organic compounds to enhance human productivity without using harmful chemicals or stimulants.

In June 2018, the Company also created two subsidiary companies to expand into the cannabis market. Cannavated Beverage Corp. (“**Cannavated BC**”) was incorporated on June 15, 2018 pursuant to the laws of British Columbia. On June 20, 2018, a company by the same name, Cannavated Beverage Corp. (“**Cannavated Nevada**”), was incorporated pursuant to the laws of the State of Nevada.

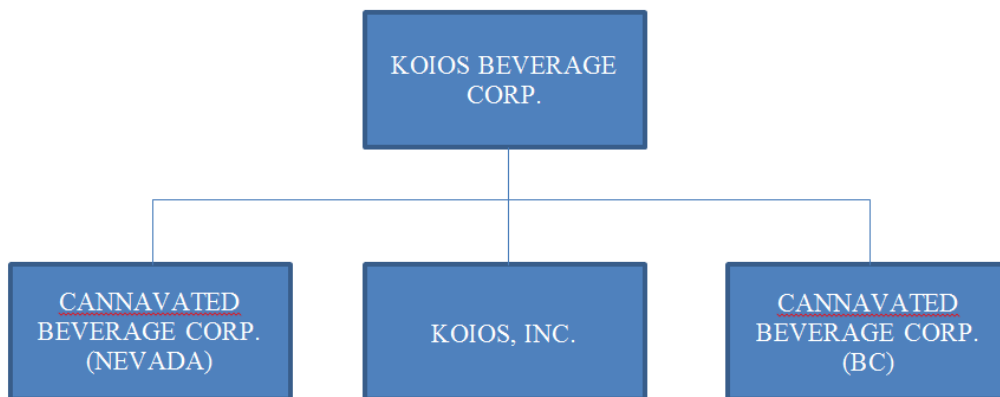
The Company’s head office is located at #800 – 1199 West Hastings Street, Vancouver, British Columbia V6E 3T5. The Company’s registered and records office is located at 800 - 885 West Georgia Street Vancouver, British Columbia, V6C 3H1. The Company is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Ontario and Manitoba.

Koios’ head office, and registered and records office is located at 3799 Williams St. Unit B, Denver, Colorado 80205.

Cannavated BC and Cannavated Nevada have a head office located at #800 – 1199 West Hastings Street, Vancouver, British Columbia V6E 3T5. Cannavated BC’s registered and records office is located at 800 - 885 West Georgia Street Vancouver, British Columbia, V6C 3H1. Cannavated Nevada has a registered agent in the United States, being GKL Registered Agents of NV. Inc, with the mailing address P.O. Box 2679, Carson City, Nevada 89702.

Intercorporate Relationships

The Company has three wholly-owned subsidiaries, being Koios, Inc., Cannavated Beverage Corp. (a British Columbia company), and Cannavated Beverage Corp. (a Nevada Company).



Koios is a wholly-owned subsidiary of the Company. Koios, LLC was incorporated on February 6, 2014 pursuant to the laws of the State of Colorado. On March 20, 2018, Koios, LLC was restructured as a “C” corporation under the name Koios, Inc. under the laws of the State of Colorado and in accordance with the limited liability operating agreement of Koios, LLC. Koios’ head office, and registered and records office is located at 3799 Williams St. Unit B, Denver,

Colorado 80205. The Company, through Koios, produces nutritional beverage drinks and other health supplements using a proprietary blend of nootropics and natural organic compounds.

Cannavated BC is a wholly-owned subsidiary of the Company. Cannavated BC was incorporated on June 15, 2018 pursuant to the laws of British Columbia. Cannavated Nevada was incorporated on June 20, 2018 pursuant to the laws of the State of Nevada. Cannavated BC and Cannavated Nevada have a head office located at 800 – 1199 West Hastings Street, Vancouver, British Columbia V6E 3T5. Cannavated BC's registered and records office is located at 800 - 885 West Georgia Street Vancouver, British Columbia, V6C 3H1. Cannavated Nevada has a registered agent in the United States, being GKL Registered Agents of NV. Inc, with the mailing address P.O. Box 2679, Carson City, Nevada 89702. The Company uses both Cannavated BC and Cannavated Nevada to enter into license agreements with third parties to market cannabis-infused functional beverage drinks in order to respond to market demand from the aging population for medical cannabis products.

4. GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History of the Company

Business Development

Until the completion of the Transaction, the Company was a resource exploration company engaged in the acquisition and exploration of mineral properties and oil and gas properties. The Company did not generate any revenues or income from those operations.

On June 6, 2014, the Company entered into a purchase and farm-in agreement (the “**Letter Agreement**”) with BNV Energy Company LLC (“**BNV Energy**”) and Norstra Energy Inc. to sell approximately 2,964 acres of its wholly owned Milford East Land for US\$66,700 in cash. This acreage is contiguous to the south of the Company's Milford Colony farm-in lands in Lewis and Clark Country on the Albert Bakken Fairway (“**Bakken**”) in northwest Montana.

On October 21, 2014, the Company issued 300,000 shares valued at \$120,000 to BNV Energy as described in the Letter Agreement.

On September 21, 2015 by way of a purchase and sale agreement the Company assigned its 20% working interest in an exploration well in Bakken to BNV Energy. In consideration of the assignment, the Company received back from BNV Energy 300,000 Common Shares which were issued pursuant to the Letter Agreement in October 2014. Also in consideration, BNV Energy cancelled an outstanding invoice in the amount of \$43,597 (US\$35,054).

In January 2016, the Company issued 54,544 Common Shares in settlement of convertible debentures in the amount of \$27,272.

On January 14, 2016, the Company consolidated its Common Shares on the basis of one (1) post-consolidated Common Share for ten (10) pre-consolidated Common Shares.

In February 2016, the Company transferred 300,000 Common Shares to Golden Dawn Minerals Inc. (“**GDM**”) to settle accounts payable of \$15,000.

In October 2016, the Company issued 13,399,333 special warrants to settle debts of \$669,967 at a deemed price per special warrant of \$0.05, of which 9,799,333 special warrants were issued to

GDM to settle a debt of \$489,966.65; 2,550,000 special warrants were issued to a company controlled by the CEO of the Company immediately prior to the closing of the Transaction to settle a debt of \$127,500; and 525,000 special warrants were issued to a company controlled by the CFO immediately prior to the closing of the Transaction to settle a debt of \$26,250. Pursuant to the terms of the special warrants, each special warrant would automatically convert on the earlier of:

- (a) the second anniversary of the date of the issuance of the special warrants; and
- (b) 61 days after the closing of a significant transaction involving the Company.

On April 25, 2018, pursuant to special warrant amending agreements, each special warrant converted into a unit of the Company. Each unit consisted of one Common Share and one common share purchase warrant. Each warrant is exercisable into a Common Share of the Company at \$0.075 per Common Share until April 25, 2020.

In July 2017, the Company issued 2,377,505 special warrants to settle debts of \$178,313 at a deemed price per special warrant of \$0.075, of which 1,674,301 special warrants were issued to GDM to settle a debt of \$125,573 and 703,204 special warrants were issued to a company controlled by the CEO of the Company immediately prior to the closing of the Transaction to settle a debt of \$52,740. Pursuant to the terms of the special warrants, each special warrant would automatically convert on the earlier of:

- (a) the second anniversary of the date of the issuance of the special warrants; and
- (b) 61 days after the closing of a significant transaction involving the Company.

On April 25, 2018, pursuant to special warrant amending agreements, each special warrant converted into a unit of the Company. Each unit consisted of one Common Share and one common share purchase warrant. Each warrant is exercisable into a Common Share of the Company at \$0.10 per Common Share until April 25, 2020.

In December 2017, the Company entered into an Iron Ridge Property Agreement with GDM whereby the Company agreed to sell five mineral claims to GDM in consideration for the forgiveness of \$50,000 in debt owed by the Company to GDM in respect of office rent and ancillary services provided to the Company by GDM from July 6, 2017 to November 30, 2017.

On April 13, 2018 the Company completed the Transaction. The Transaction was a reverse takeover of Koios by the acquisition of all of the issued and outstanding shares of Koios, and included other transactions as more particularly set out in the Company's Listing Statement dated April 16, 2018.

On April 30, 2018, the Company granted 1,500,000 stock options, pursuant to its stock option plan, to two directors of the Company, an officer of Koios, an employee of Koios, and two consultants of the Company at an exercise price of \$0.20 per Common Share, exercisable for a period of two years. 900,000 of the stock options vested on August 30, 2018, and 600,000 of the stock options will vest on April 30, 2019.

On May 3, 2018, the Company announced a non-brokered private placement financing of Common Shares of the Company (the **"Offering"**) at a price of \$0.40 per Common Share for gross proceeds of a minimum of \$2.5 million up to a maximum of \$5 million. The Offering was not completed.

On May 15, 2018, Josh Luman was appointed to the Company's Advisory Board. The purpose of the Advisory Board is to advise the Company on certain issues from time to time, advising on and assisting with business development, and facilitating introductions between the Company and third parties. In connection with his appointment, the Company granted Mr. Luman 50,000 stock options for the purchase of up to an aggregate 50,000 Common Shares pursuant to the Company's stock option plan. The stock options expire on May 15, 2021, and 12,500 stock options will vest on each of November 15, 2018, May 15, 2019, November 15, 2019 and May 15, 2020.

In June 2018, the Company created both Cannavated BC and Cannavated Nevada to allow the Company to explore the development of cannabis-infused functional beverages.

On September 20, 2018, the Company entered into an agreement (the "**Investment Agreement**") with Alumina Partners (Ontario) Ltd. ("**Alumina Partners**"), a subsidiary of Alumina Partners LLC, for a draw-down equity facility of up to \$28,000,000. The Investment Agreement provides for equity private placement offerings, to be conducted between the Company and Alumina Partners, in draw-down amounts of up to \$2,000,000, at the sole discretion of the Company.

Products

Koios has been engaged in producing all-natural, earth grown supplements that can enhance brain function since it launched its first product, the Koios Nootropic Supplement, in 2014. The original product is a capsule that contains 11 ingredients that target the brain to increase cognitive function. Sales efforts in the first year of business were solely focused on ecommerce and developing retail relationships with sports nutrition stores. The product quickly gained momentum and Koios established relationships with certain natural grocery and sports nutrition distributors in the United States.

One of Koios' first major retailers was Max Muscle Sports Nutrition. Koios' initial Koios Nootropic Supplement was available in over 150 Max Muscle Sports Nutrition locations across the United States within 10 months of Koios' initial agreement with Max Muscle Sports Nutrition. Koios utilized in-store displays, samples and digital marketing to drive awareness and traffic at each Max Muscle location. In 2014, Koios focused on developing its partnership with Max Muscle Sports Nutrition and maximizing our efforts online.

The success Koios had with Max Muscle Sports Nutrition, combined with an online strategy, helped increase interest from other distributors. In 2015, Koios signed distribution deals with Europa Sports and Muscle Foods USA. These new relationships increased exposure in the nutritional supplement marketplace.

A partnership with WishingUWell, a company that provides Amazon.com strategy services for wellness brands, was also created that helped Koios leverage its presence on Amazon.com, eventually leading to the Koios Nootropic Supplement becoming one of the preferred products on Amazon.com. The ongoing relationship between the Company and WishingUWell was reaffirmed in June 2018, and the existing sales agreement between the parties was extended.

In 2015, Koios started developing what would become its first beverage. Koios wanted to develop a product that was a first of its kind and make nootropics more appealing to the broader consumer demographic. Many people may be averse to taking a supplement, but the overall population is comfortable with consuming an RTD beverage. An RTD drink would allow Koios to meet the needs

of new potential customers. Koios also saw the opportunity to take advantage of various health trends in the food, beverage, and wellness products marketplace. Koios believes consumers are looking for clean products that can provide health benefits. In conjunction with one of the top formulators in the United States, Koios began working on Berry Genius, its first RTD beverage.

Koios created two organic, functional beverage lines that can enhance human performance and productivity, without stimulants, all while adding to the consumer's overall health and wellness, without compromising taste or satisfaction. Koios' line of beverages is one of the only functional beverage lines in the world to use a full panel of earth grown, top quality nootropics. Koios chose 10 ingredients that can enhance brain function, improve memory, enhance mood and create mental endurance. Koios' beverages are some of the few RTD beverages on the market that are infused with essential oils. The Berry Genius RTD beverage contains MCT which aids in hydration, mental performance, fat loss, regulation of blood pressure and creates energy through an actual food source. Smart Soda, our other organic, functional beverage, not only can provide the user a short term burst of mental power but it can help build brain function over time.

In 2016, Koios continued to focus on existing distribution networks while adding new ones. The beverage products allowed Koios to build relationships with natural grocery chains with which had not previously been an avenue of business. Koios added new stores across the United States. Having three products allowed for Koios to market more effectively in retail outlets, by taking more shelf space, and allowed for greater flexibility online. Customers could choose from a variety of products. The initial launch of both beverage products was successful and found distribution and shelf space in retailers across the United States. Also in 2016, Koios added KeHE Distributors, LLC, a natural food distributor in the United States.

In May 2018, the Company launched 4 new flavours of its functional beverages and a nutritional instant powder and daily-use capsule line, which was developed to allow the Company to reach a new demographic of customers. In connection with the newly developed instant powder and daily-use capsule line, the Company was able to solidify a distribution partnership with 5 Star Nutrition, a major retailer of sports nutrition, weight loss, and vitamin products in the United States with more than 40 locations, and with SportLife Distributions, a major Florida-based retailer. The powders and capsules became available for distribution in Canada in July 2018.

On May 17, 2018 the Company entered into an agreement with NeuraPerformance/Neurooptimize Brain Center (“**Neura**”), whereby Neura agreed to perform brain scans on product users to further determine the health and performance benefits provided by the Company's products.

In August 2018, the Company entered into a co-packaging agreement with Rocky Mountain Soda to provide the Company access to a high-volume production line, which will give the Company the flexibility to produce a lower minimum amount of product while achieving the same level of cost-effectiveness without mass production. In September 2018, the Company engaged Future Money Trends LLC for a period of 12 months to assist with enhancing marketing strategies through digital marketing ads, display ads, and narratives.

The Company intends to produce a new line of functional beverages under the brand “Fit Soda” beginning in the first quarter of 2019. The new functional beverage line is intended to be a high end soda drink that provides health benefits such as higher levels of nutrients, amino acids, proteins, electrolytes and probiotics, rather than increasing mental focus and acuity.

In June 2018, the Company created both Cannavated BC and Cannavated Nevada to allow the Company to explore the development of cannabis-infused functional beverages. The Company identified a market demand for cannabis products. In July 2018, the Company licensed its Cannavated nootropic formula to CanCore Concepts Ltd., better known as Keef Brands (“**Keef Brands**”). Through its licensed manufacturers, Keef Brands, intends to produce, market and sell a line of cannabis-infused beverages which contain the Company’s nootropic supplements. In September 2018, the Company announced that it will launch two additional CBD-infused functional beverages in collaboration with Keef Brands. The Company has also unveiled that it will market and distribute its innovative D2D and D2C model, using a newly branded fleet of delivery vans. The model allows the Company to sell and ship directly to retailers and customers without the additional cost of an intermediary.

Our strategies for growth in the cannabis market will be heavily focused on CBD-infused beverages that will be distributed through our current network of partners. Through our partnership with Keef Brands, the Company intends to have these products available in dispensaries throughout the United States in states where cannabis is legal. The Company intends to own the cooler space in any dispensary where our cannabis products are sold. The Company does not and will not directly participate in the manufacturing, production or distribution of psychoactive cannabis. Our arrangement with Keef allows us to provide them with our intellectual property and ingredients, while Keef will manufacture, produce and distribute the products. Our partnership with Keef will allow us to protect our mutual brands.

In September 2018, the Company entered into a distribution agreement with Western Functional Beverages for sales of the Company’s nootropic beverages and products in Wyoming.

The Company continues to be an emerging functional beverage company which has an available distribution network of over 2,000 retail locations across the United States in which to sell its products. We have relationships with some of the largest distributors in the United States, including Europa Sports, Muscle Foods USA, KeHE Distributors, LLC, and Wishing-U-Well. Distributor relationships such as generally take years of cultivation as distributors have stringent policies on the brands they will agree to distribute. These distributors test and vet products to ensure that the companies they partner with are reputable, safe and share mutual values in regards to high quality nutrition and business standards. We have spent years establishing each of these relationships. Many of our distributors have worked with and vetted the company extensively, and have sold the Company’s products across the United States. These available distributors are significant because have invested the time necessary so that we are familiar to them, can sell our existing products with them, and are able to propose new products as we develop them. Although future business with these distributors is not guaranteed, these established relationships make it more likely to scale and introduce new products. Through our partnership with Wishing-U-Well, we also enjoy a presence online, including being an Amazon.com choice product.

Significant Acquisitions

As described above, during the year ended May 31, 2018, the Company completed the Transaction. The Company filed a Form 51-102F4 in respect of the Transaction.

5. DESCRIPTION OF THE BUSINESS

General

SUMMARY

Following the completion of the Transaction, the business of Koios became the business of the Company. The Company is a scientifically-driven, performance lifestyle company that develops, manufactures, markets and distributes branded nutritional supplements and organic beverages, with a focus on the production of nutritional beverage drinks using a proprietary blend of nootropics and natural organic compounds to enhance human productivity without using harmful chemicals or stimulants. The Company has also expanded its business into cannabis-infused beverages to respond to market demand for cannabis products. The Company is an emerging functional beverage Company which has an available distribution network of over 2,000 retail locations across the United States in which to sell our products. We have relationships with distributors in the United States, including Europa Sports, Muscle Foods USA, KEHE Distributors, LLC, and Wishing-U-Well. Through our partnership with Wishing-U-Well, we also enjoy a presence online, including being an Amazon.com choice product.

The Company uses an innovative D2C model, using a newly branded fleet of delivery vans. The model allows the Company to sell and ship directly to retailers and customers without the additional cost of a middleman.

We distribute online through our own online portal. Our products are also distributed through traditional DSD and wholesale channels. We work with distributors in the United States. Our principal markets are natural grocery chains, sports nutrition stores, convenience stores, specialty nutrition outlets and online sales. The Company has also unveiled an innovative D2C model, using a newly branded fleet of delivery vans. The model allows the Company to sell and ship directly to retailers and customers without the additional cost of a middleman. Our primary focus will be growing our market share in our local marketplaces in Denver, Colorado, and Los Angeles, California.

Nootropics and biohacking are two keywords that are being increasingly searched for on the Internet. A portion of our marketing will be focused on capturing people who are already searching for the types of products we sell. Our website, in the past, has been in the top million websites worldwide for traffic.

Our intention is to utilize cutting edge PPC campaigns in conjunction with our tour bus efforts to generate thousands of leads per month, which could then be converted into paying customers. We estimate traffic on the site will increase with the additional marketing budget and the traffic we drive from tour bus events. We will focus on building sophisticated sales funnels that will maximize our CPM per visitor.

We have allocated in our personnel budget for a full-time digital team, who will manage the sales funnels and extra inbound traffic. Within 15 months, through combined digital and real time marketing, we plan to generate millions of visits to our website. Additional attention will be given to our Amazon.com portal. Ad spends and promotion will be increased to attempt to generate more sales via Amazon and our partners at WishingUWell.

Our digital team will also be responsible for maintaining our online community. To date, we have over 7,800 followers on Facebook.

We believe the majority of millennials make their purchasing decisions based on the people they follow online. We are constantly adding new athletes, artists and various brand ambassadors to our roster.

	Year ended May 31, 2017	Year Ended May 31, 2018
Revenue	-	US\$43
Net Loss	(US\$2,933,614)	(US\$265,845)
Net and Comprehensive Loss	(US\$501,756)	(US\$4,016,528)

Production and Services

Our products are produced through co-packing, which means we purchase raw materials, ship them to a co-packer, and have the co-packer package our products. We utilize third party co-packers to ensure quality and manufacturing standards are met. We currently do not have our own manufacturing facility. Co-packing is an industry norm and standard. We choose co-packers based on their reputation, certifications, production capacity, geographic location, quality assurance programs, product testing capabilities, rigorous health standards, experience and adherence to FDA guidelines and regulations. Our current co-packing network, with relative certainty, will be used again in the future. However, we do not have binding contracts with any of them and the Company can seek alternative co-packers. Management may decide to use different co-packers in the future.

Co-packers charge fees for utilizing their services. Prices vary with each co-packer depending on the volume and quantity. Generally speaking, the fees associated with a co-packer can include warehousing cans and excess raw materials, use of canning and supplement lines, shipping and receiving services, testing services, and raw materials.

Specialized Skill and Knowledge

Formulating our beverages and supplements requires deep knowledge and skill in formulating, chemistry, biology and food science.

We use several formulators and co-packers to produce both its supplement and beverage product lines. Access to our formulators' deep knowledge and skill is readily available. We guide general product development, but those products are then vetted by our formulators and third party laboratories. Continued development of cannabis-infused products will require us to build new relationships with licensed producers, cultivators and other specialized and regulated cannabis companies.

Competitive Condition

We are a niche brand serving a niche area of the market that is rapidly expanding. We are one of the leaders in nootropics beverages available in the United States and Canada. As a result, we are somewhat insulated from our competition in that we have a head start on the market and have name recognition. Additionally, with the release of Fit SODA, we will have created a category of

beverages that does not exist currently, which will allow us to take a leading position free of any existing competitors in the functional soda space. The development of cannabis-infused beverages keeps the Company competitive by responding to market demand.

The beverage industry is highly competitive. The principal areas of competition are pricing, packaging, distribution channel penetration, development of new products and flavors and marketing campaigns. Our products compete generally with a wide range of drinks produced by a relatively large number of manufacturers, most of which have substantially greater financial, marketing and distribution resources and name recognition than we do.

Important factors affecting our ability to compete successfully include the taste and flavor of our products, trade and consumer promotions, rapid and effective development of new, unique cutting edge products, attractive and different packaging, branded product advertising and pricing. Our products compete with all liquid refreshments and with products of much larger and substantially better financed competitors, including the products of numerous nationally and internationally known producers, such as The Coca Cola Company, Dr. Pepper Snapple Group, PepsiCo, Inc., Nestle, Waters North America, Inc., Hansen Natural Corp. and Red Bull. We also compete with companies that are smaller or primarily local in operation. Our products also compete with private label brands such as those carried by supermarket chains, convenience store chains, drug store chains, mass merchants and club warehouses.

Competition in the beverage and supplement space is fierce. Shelf space in major retailers is expensive. Smaller companies like ours will need to continue to innovate to meet consumer demand for healthier and more functional alternatives.

New Products

The Company will begin production of a new line of functional beverages under the brand “Fit Soda” beginning in the first quarter of 2019. The new functional beverage line is intended to be a high end soda drink that provides health benefits such as higher levels of nutrients, amino acids, proteins, electrolytes and probiotics, rather than increasing mental focus and acuity.

In September 2018, the Company announced the launch of two additional CBD-infused functional beverages in collaboration with Keef Brands. The first cannabis-infused beverage developed in collaboration with Keef Brands is scheduled to be released in November 2018.

Components

The Company’s products use a proprietary blend of nootropics and natural organic compounds. The sources of the raw ingredients that are used in our products include: ConnOils, GILLCO, Allen Flavors and Flavorman. Pricing and availability of these raw ingredients varies.

Intangible Properties

All of our products’ names and logos are trademarked. The importance of our products’ names, logos, and our trademarks is to protect our brand from competitors and other companies attempting to replicate our products. We have spent hundreds of thousands of dollars to create a market niche and space and it is important that our logos and trademarks are protected so they are not copycatted.

Cycles

The beverage industry is seasonal, with higher volumes seen in the second and third quarter of the year, which correspond with warmer months.

Economic Dependence

The Company's operations depend on its ability to procure materials for the production and manufacture of our various products. Pricing for materials items can fluctuate.

The Company is also reliant on relationships with co-packers. We currently do not have our own manufacturing facility. We choose co-packers based on their reputation, certifications, production capacity, geographic location, quality assurance programs, product testing capabilities, rigorous health standards, experience and adherence to FDA guidelines and regulations. The loss of any major co-packing relationship could have an impact on Company operations.

Changes to Contracts

It is not expected that any contracts will be renegotiated or terminated.

Environmental Protection

Environmental laws and regulations may affect the operations of the Company. It is expected that the Company, or its local operators, will be required to dispose of containers used to contain products. Failure to dispose of these in a manner compliant with local environmental regulation could expose the Company to penalties and clean-up costs. It is also expected that the Company and local operators will be required to comply with local environmental regulation for transportation. The cost of complying with such regulations may increase over time and per location affecting operating results. The Company expects to rely on contract manufacturers and distributors in the production and distribution of its products. A breach of environmental and safety regulations by a manufacturer or distributor may affect the reputation of the Company.

Employees

There are currently three employees of the Company.

Foreign Operations

Koios is a corporation incorporated pursuant to the laws of the State of Colorado. As the primary developer of products, the Company is heavily dependent on the continued operations of Koios.

Lending

The Company's operations do not include any lending operations.

Bankruptcy and Similar Procedures

There were no bankruptcy, receivership or similar proceedings involving the Company or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by the Company or

any of its subsidiaries, within the three most recently completed fiscal years, or during or proposed for the current fiscal year.

Reorganizations

On April 13, 2018 the Company completed the Transaction. For more information with respect to the Acquisition, see “Corporate Structure – Name, Address and Incorporation”.

There are no material reorganizations of the Company proposed for the current fiscal year.

Social or Environmental Policies

None.

Risk Factors

The following are certain factors relating to the Company’s business which prospective investors should carefully consider before deciding whether to purchase Common Shares in the Company’s authorized capital. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF. These risks and uncertainties are not the only ones we are facing. Additional risk and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our operations. If any such risks actually occur, the business, financial condition, liquidity and results of our operations could be materially adversely affected.

Forward Looking Information

This AIF contains certain information that may constitute forward-looking information and forward-looking statements as such terms are defined under applicable Canadian securities laws (collectively, the “**Forward-Looking Statements**”) which are based on management’s current internal expectations, estimates, projections, assumptions and beliefs. Forward-Looking Statements can be identified by the use of forward-looking terminology such as “expect”, “likely”, “may”, “will”, “should”, “intend”, “anticipate”, “potential”, “proposed”, “estimate”, and other similar words, including negative and grammatical variations thereof. The Forward-Looking Statements may include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance and other statements that are not statements of fact. The Forward-Looking Statements are made only as of the date of this AIF.

Risk Factors Related to the Company’s common shares

Speculative Nature of Investment Risk

An investment in our Common Shares carries a high degree of risk and should be considered as a speculative investment by purchasers. We have no history of earnings, limited cash reserves, a limited operating history, have not paid dividends, and are unlikely to pay dividends in the immediate or near future. We are in the development and planning phases of our business. Our operations are not yet sufficiently established such that we can mitigate the risks associated with our planned activities.

Volatility of Stock Price and Market Conditions

The market price of the Common Shares has been and may continue to be subject to wide fluctuations in response to factors such as actual or anticipated variations in its results of operations, changes in financial estimates by securities analysts, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may adversely affect the market price of the common shares, even if our Company is successful in maintaining revenues, cash flows or earnings. The purchase of the Common Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Securities of the Company should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in our company should not constitute a major portion of an investor's portfolio.

Risk Factors Associated with the Business of the Company

We may need to raise further capital

Our business strategy is based in part on the scalability of our operations. In order to expand our operations we will need to raise additional funds in the future, and such funds may not be available on commercially reasonable terms, if at all. If we cannot raise enough funds on acceptable terms, we may not be able to fully implement our business plan, take advantage of future opportunities, or respond to competitive pressures or unanticipated requirements. This could seriously harm our business, financial condition and results of operations.

We rely on third party co-packers to manufacture our products

We rely on third party co-packers to manufacture our products. If we are unable to maintain good relationships with our co-packers and/or their ability to manufacture our products becomes constrained or unavailable to us, our business could suffer. We do not directly manufacture our products, but instead outsource such manufacturing to established third party co-packers. These third-party co-packers may not be able to fulfill our demand as it arises, could begin to charge rates that make using their services cost inefficient or may simply not be able to or willing to provide their services to us on a timely basis or at all. In the event of any disruption or delay, whether caused by a rift in our relationship or the inability of our co-packers to manufacture our products as required, we would need to secure the services of alternative co-packers. We may be unable to procure alternative packing facilities at commercially reasonable rates and/or within a reasonably short time period and any such transition could be costly. In such case, our business, financial condition and results of operations would be adversely affected. Large co-packing minimums have affected our cash flow in the past. We have worked diligently to develop relationships with co-packers in the Denver area that will allow us to produce product on demand.

We rely on distributors to distribute our products in the DSD sales channel

We rely on distributors to distribute our products in the DSD sales channel. If we are unable to secure such distributors and/or we are unable to maintain good relationships with our existing distributors, our business could suffer. We distribute our products in the DSD sales channel by entering into agreements with direct-to-store delivery distributors having established sales,

marketing and distribution organizations. We similarly are seeking to expand our online distribution. Many of our distributors are affiliated with and manufacture and/or distribute other beverage products. In many cases, such products compete directly with our products. The marketing efforts of our distributors are important for our success. If our products prove to be less attractive to our distributors and/or if we fail to attract distributors, and/or our distributors do not market and promote our products with greater focus in preference to the products of our competitors, our business, financial condition and results of operations could be adversely affected.

If we are unable to maintain good relationships with our existing customers, our business could suffer

Our customers are material to our success. If we are unable to maintain good relationships with our existing customers, our business could suffer. Unilateral decisions could be taken by our distributors, grocery chains, convenience chains, drug stores, nutrition stores, mass merchants, club warehouses and other customers to discontinue carrying all or any of our products that they are carrying at any time, which could cause our business to suffer. The majority of our revenues are derived from two of our customers and our online channel. Accordingly, if sales to either of these customers were to significantly decline or cease entirely, our business, results of operations and financial condition may be significantly harmed.

Increases in cost or shortages of raw materials or increases in costs of co-packing could harm our business

The principal raw materials used by us are flavors and ingredient blends as well as aluminum cans, the prices of which are subject to fluctuations. We are uncertain whether the prices of any of the above or any other raw materials or ingredients we utilize will rise in the future and whether we will be able to pass any of such increases on to our customers. We do not use hedging agreements or alternative instruments to manage the risks associated with securing sufficient ingredients or raw materials. In addition, some of these raw materials, such as our distinctive sleek 12 ounce can, are available from a single or a limited number of suppliers. As alternative sources of supply may not be available, any interruption in the supply of such raw materials might materially harm us.

Our ability to accurately estimate demand for our products could adversely affect our business and financial result

We may not correctly estimate demand for our products. If we materially underestimate demand for our products and are unable to secure sufficient ingredients or raw materials, we might not be able to satisfy demand on a short-term basis, in which case our business, financial condition and results of operations could be adversely affected.

We depend upon our trademarks and proprietary rights, and any failure to protect our intellectual property rights or any claims that we are infringing upon the rights of others may adversely affect our competitive position

Our success depends, in large part, on our ability to protect our current and future brands and products and to defend our intellectual property rights. We cannot be sure that trademarks will be issued with respect to any future trademark applications or that our competitors will not challenge, invalidate or circumvent any existing or future trademarks issued to, or licensed by, us.

There can be no assurance that our trade secrets, including our proprietary ingredient blends will not become known to competitors

Our products are manufactured using our proprietary blends of ingredients. These blends are created by third-party suppliers to our specifications and then supplied to our co-packers. Although all of the third parties in our supply and manufacture chain execute confidentiality agreements, there can be no assurance that our trade secrets, including our proprietary ingredient blends will not become known to competitors. We believe that our competitors, many of whom are more established and have greater financial and personnel resources than we do, may be able to replicate or reverse engineer our processes, brands, flavors, or our products in a manner that could circumvent our protective safeguards. Therefore, we cannot give you any assurance that our confidential business information will remain proprietary. Any such loss of confidentiality could diminish or eliminate any competitive advantage provided by our proprietary information.

We may incur material losses as a result of product recall and product liability

We may be liable if the consumption of any of our products causes injury, illness or death. We also may be required to recall some of our products if they become contaminated or are damaged or mislabeled. A significant product liability judgment against us, or a widespread product recall, could have a material adverse effect on our business, financial condition and results of operations. The amount of the insurance we carry is limited, and that insurance is subject to certain exclusions and may or may not be adequate.

Key Personnel Risk

Our success will depend on our directors and officers to develop our business and manage our operations, and on our ability to attract and retain key quality assurance, scientific, sales, public relations and marketing staff or consultants once operations begin. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on our business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that we will be able to attract or retain key personnel in the future, which may adversely impact our operations.

We are dependent on our ability to attract and retain qualified technical, sales and managerial personnel.

Our future success depends in part on our continuing ability to attract and retain highly qualified technical, sales and managerial personnel. Competition for such personnel in the beverage industry is intense and we may not be able to retain our key managerial, sales and technical employees or attract and retain additional highly qualified technical, sales and managerial personnel in the future. Any inability to attract and retain the necessary technical, sales and managerial personnel could materially adversely affect us.

We are subject to significant competition in the beverage industry

The beverage industry is highly competitive. The principal areas of competition are pricing, packaging, distribution channel penetration, development of new products and flavors and marketing campaigns. Our products compete with a wide range of drinks produced by a relatively

large number of manufacturers, most of which have substantially greater financial, marketing and distribution resources and name recognition than we do.

Important factors affecting our ability to compete successfully include the taste and flavor of our products, trade and consumer promotions, rapid and effective development of new, unique cutting edge products, attractive and different packaging, branded product advertising and pricing. Our products compete with all liquid refreshments and with products of much larger and substantially better financed competitors, including the products of numerous nationally and internationally known producers, such as The Coca Cola Company, Dr. Pepper Snapple Group, PepsiCo, Inc., Nestle, Waters North America, Inc., Hansen Natural Corp. and Red Bull. We also compete with companies that are smaller or primarily local in operation. Our products also compete with private label brands such as those carried by supermarket chains, convenience store chains, drug store chains, mass merchants and club warehouses. There can be no assurance that we will compete successfully in the functional beverage industry. The failure to do so would materially adversely affect our business, financial condition and results of operations.

Our business is substantially dependent upon awareness and market acceptance of our products and brands by our targeted consumers

We compete in an industry that is brand-conscious, so brand name recognition and acceptance of our products are critical to our success and significant marketing and advertising could be needed to achieve and sustain brand recognition. Our business is substantially dependent upon awareness and market acceptance of our products and brands by our targeted consumers. Our business depends on acceptance by our independent distributors of our brand as one that has the potential to provide incremental sales growth rather than reduce distributors' existing beverage sales. The development of brand awareness and market acceptance is likely to require significant marketing and advertising expenditures. There can be no assurance that we will achieve and maintain satisfactory levels of acceptance by independent distributors and retail consumers. Any failure of our brand to maintain or increase acceptance or market penetration would likely have a material adverse effect on business, financial condition and results of operations.

Our sales are affected by seasonality

As is typical in the beverage industry, our sales are seasonal. Our highest sales volumes generally occur in the second and third quarters, which correspond to the warmer months of the year in our major markets. Consumer demand for our products is also affected by weather conditions. Cool, wet spring or summer weather could result in decreased sales of our beverages and could have an adverse effect on our results of operations.

There may be regulatory changes affected the use of CBD or hemp and the manufacture, sale, and distribution of products including CBD or hemp

The cannabis market is currently emerging, and the regulatory framework for cannabis and cannabis-infused products is still undergoing considerable change. It is possible that our developments in this market could be affected by further regulatory changes to cannabis regulation. Any regulatory changes could affect our sourcing, manufacture, production and distribution, which could ultimately impact our costs and expenses in this market. We are closely monitoring developments in this area, but we have no way of anticipating whether changes will occur or the impacts they could have on our business.

Our business is subject to many regulations and noncompliance is costly

The production, marketing and sale of our beverage products are subject to the rules and regulations of various federal, state and local health agencies. If a regulatory authority finds that a current or future product or production run is not in compliance with any of these regulations, we may be fined, or production may be stopped, thus adversely affecting our business, financial condition and results of operations. Similarly, any adverse publicity associated with any noncompliance may damage our reputation and our ability to successfully market our products. Furthermore, the rules and regulations are subject to change from time to time and while we closely monitor developments in this area, we have no way of anticipating whether changes in these rules and regulations will impact our business adversely. Additional or revised regulatory requirements, whether labeling, environmental, tax or otherwise, could have an adverse effect on our business, financial condition and results of operations.

Global Economy Risk

We will be dependent upon the capital markets to raise additional financing in the future, while we establish a client base for our product. As such, we are subject to liquidity risks in meeting our development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact our ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to us and our management. If uncertain market conditions persist, our ability to raise capital could be jeopardized, which could have an adverse impact on our operations and the trading price of our Common Shares on the CSE.

Companies with Asset-backed Securities Outstanding

Neither the Company nor any of its subsidiaries has any asset-backed securities.

Companies with Mineral Projects

Neither the Company nor any of its subsidiaries has any mineral projects.

Companies with Oil and Gas Operations

Neither the Company nor any of its subsidiaries has oil and gas operations.

6. DIVIDENDS AND DISTRIBUTIONS

Neither the Company nor any of its subsidiaries has a dividend policy. Dividends are not paid to shareholders or owners of membership interests in any of the entities.

7. DESCRIPTION OF CAPITAL STRUCTURE

General Description of Capital Structure

The authorized capital of the Company consists of an unlimited number of Common Shares without par value, and without any special rights or restrictions. As at October 10, 2018, 50,639,878 Common Shares were issued and outstanding.

The Company may issue share purchase warrants, options and rights at the discretion of the directors of the Company, and in conjunction with promissory notes, debentures, debenture stock, bonds, shares or other securities.

Constraints

There are no constraints on the ownership of securities of the Company.

Ratings

Neither the Company, nor any of its subsidiaries, has received any ratings.

8. MARKET FOR SECURITIES

Trading Price and Volume

The common shares of the Company are currently listed on the CSE under the symbol KBEV. The following table sets out the high and low trading prices of the Company's Common Shares for the periods indicated as reported by Stockwatch:

Period	High CDN\$	Low CDN\$	Volume
October 1 to 10, 2018	0.69	0.58	5,692,743
Month ending September 30, 2018	1.05	0.22	44,549,225
Month ending August 31, 2018	0.27	0.17	3,718,939
Month ending July 31, 2018	0.25	0.17	3,245,710
Month ending June 30, 2018	0.365	0.205	5,699,233
Month ending May 31, 2018	0.53	0.235	10,424,012
Month ending April 30, 2018 ⁽¹⁾	0.60	0.60	0
Month ending March 31, 2018 ⁽¹⁾	0.60	0.60	0
Month ending February 28, 2018 ⁽¹⁾	0.60	0.60	0
Month ending January 31, 2018 ⁽¹⁾	0.60	0.60	0
Month ending December 31, 2017 ⁽¹⁾	0.60	0.60	0
Month ending November 30, 2017 ⁽¹⁾	0.6	0.6	0
Month ending October 31, 2017	0.61	0.45	830,920

⁽¹⁾ Trading of Common Shares was halted on October 20, 2017 at the request of the Company in connection with the Transaction. Trading of Common Shares resumed on May 1, 2018 following completion of the Transaction.

Prior Sales

The Company issued the following securities during the most recent financial year:

Date of Issue	Type of Security Issued	Number of Securities Issued	Issue/Exercise Price per Security Issued
July 19, 2017	Special Warrants ⁽¹⁾	2,377,505	\$0.075
July 19, 2017	Units ⁽²⁾	1,000,000	\$0.075
October 30, 2017	Subscription Receipts ⁽³⁾	9,725,000	\$0.20
November 30, 2017	Subscription Receipts ⁽³⁾	1,750,000	\$0.20
December 18, 2017	Subscription Receipts ⁽³⁾	425,000	\$0.20
April 13, 2018	Common Shares ⁽⁴⁾	28,400,000	\$0.20
April 25, 2018	Units ⁽⁵⁾	13,399,333	\$0.05
April 25, 2018	Units ⁽⁶⁾	2,377,505	\$0.075
April 30, 2018	Stock Options	1,500,000	\$0.20
May 17, 2018	Stock Options	50,000	\$0.38

⁽¹⁾ On April 25, 2018, each special warrant converted into a unit of the Company. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable into a common share of the Company at \$0.10 per share for a period of two years from conversion.

⁽²⁾ Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.10 per share for a period of two years from the date of issuance.

⁽³⁾ Each Subscription Receipt was automatically converted, for no additional consideration, into one common share of the Company upon the completion of the Transaction.

⁽⁴⁾ Issued in connection with the closing of the Transaction.

⁽⁵⁾ Issued in connection with the conversion of special warrants. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable into a common share of the Company at \$0.075 per share for a period of two years from conversion.

⁽⁶⁾ Issued in connection with the conversion of special warrants. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable into a common share of the Company at \$0.10 per share for a period of two years from conversion.

9. ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As a result of the Transaction 15,000,000 Common Shares of the Company are subject to the Voluntary Escrow Agreement. The table below sets out the number of shares held by principals and certain other shareholders of the Company that are held in escrow pursuant to the Voluntary Escrow Agreement:

Designation of Class Held in Escrow	Number of Securities Held in Escrow	Percentage of Class
Common Shares	15,000,000	29.62% ⁽¹⁾

⁽¹⁾ Based on 50,639,878 Common Shares issued and outstanding as of October 10, 2018.

Pursuant to the Voluntary Escrow Agreement, all Consideration Shares were deposited into escrow with the Voluntary Escrow Agent at the closing of the Transaction on April 13, 2018 to be released from escrow as follows:

- (a) 25% on April 13, 2020;
- (b) 25% on July 13, 2020;

- (c) 25% on October 13, 2020; and
- (d) 25% on January 13, 2020.

In accordance with National Policy 46-201 - *Escrow for Initial Public Offerings* (“**NP 46-201**”), all shares of an issuer owned or controlled by its principals are required to be placed in escrow at the time of the issuer’s initial public offering or listing on the CSE following a re-qualification following a fundamental change, unless the shares held by the principal or issuable to the principal upon conversion of convertible securities held by the principal collectively represent less than 1% of the voting rights attaching to the total issued and outstanding securities of the issuer after giving effect to the initial public offering. Upon completion of the Transaction, the Company is an “emerging issuer” as defined in NP 46-201.

The following securities of the Company (the “**Escrowed Securities**”) are held by, and are subject to the terms of an escrow agreement (the “**Escrow Agreement**”) entered into pursuant to NP 46-201 by and among the Company, Williams St Company LLC and AST Trust Company (Canada), as escrow agent:

Name	Designation of Security	Quantity	Percentage of Shares ⁽¹⁾
Williams St Company LLC ⁽²⁾	Common Shares	7,500,000	14.81%

⁽¹⁾ Based on 50,639,878 shares issued and outstanding as at October 10, 2018.

⁽²⁾ Williams St Company LLC, a limited liability company owned and controlled by Chris Miller, the CEO and a director of the Company.

As the Company is an “emerging issuer” as defined in NP 46-201, the following automatic timed releases apply to the Company’s securities held by its principals who are subject to escrow under the Escrow Agreement:

April 16, 2018	1/10 of the Escrow Securities
October 16, 2018	1/6 of the remaining Escrow Securities
April 16, 2019	1/5 of the remaining Escrow Securities
October 16, 2019	1/4 of the remaining Escrow Securities
April 16, 2020	1/3 of the remaining Escrow Securities
October 16, 2020	1/2 of the remaining Escrow Securities
April 16, 2021	the remaining Escrow Securities

Under the terms of the Escrow Agreement, Escrowed Securities cannot be transferred by the holder unless permitted under the Escrow Agreement. Notwithstanding this restriction on transfer, a holder of Escrowed Securities may:

- (a) pledge, mortgage or charge the Escrowed Securities to a financial institution as collateral for a loan provided that no Escrow Securities will be delivered by the escrow agent to the financial institution;
- (b) exercise any voting rights attached to the Escrow Securities;
- (c) receive dividends or other distributions on the Escrow Securities; and

- (d) exercise any rights to exchange or convert the Escrow Securities in accordance with the Escrow Agreement.

The Escrowed Securities may be transferred within escrow to:

- (a) subject to approval of the Company's board of directors, an individual who is an existing or newly appointed director or senior officer of the Company or of a material operating subsidiary of the Company;
- (b) subject to the approval of the Company's board of directors, a person that before the proposed transfer holds more than 20% of the voting rights attached to the Company's outstanding securities;
- (c) subject to the approval of the Company's board of directors, a person that after the proposed transfer will hold more than 10% of the voting rights attached to the Company's outstanding securities and that has the right to elect or appoint one or more directors or senior officers of the Company or any of its material operating subsidiaries;
- (d) upon the bankruptcy of a holder of Escrowed Securities, the securities held in escrow may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such securities;
- (e) upon the death of a holder of Escrowed Securities, all securities of the deceased holder will be released from escrow to the deceased holder's legal representative;
- (f) a financial institution that the holder pledged, mortgaged or charges to a financial institution as collateral for a loan on realization of such loan; and
- (g) a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**") or similar registered plan or fund with a trustee, where the annuitant of the RRSP or RRIF, or the beneficiaries of another plan or fund are limited to the holder, the holder's spouse, children or parents, or if the holder is the trustee of such registered plan or fund, to the annuitant of the RRSP or RRIF, or a beneficiary of the other registered plan or fund or his or her spouse, children or parents.

In addition, tenders of Escrowed Securities pursuant to a business combination, which includes a take-over bid, issuer bid, statutory arrangement, amalgamation, merger or other reorganization similar to an amalgamation or merger, are permitted. Escrowed Securities subject to a business combination will continue to be escrowed if the successor entity is not an "exempt issuer", the holder is a principal of the successor entity; and the holder holds more than 1% of the voting rights of the successor entities' outstanding securities. Under the terms of the Escrow Agreement, 10% of the Escrowed Securities (a total of 750,000 Escrowed Securities) were released from escrow under the Escrow Agreement on closing of the Transaction. However, those Escrowed Securities released from escrow under the Escrow Agreement on the closing of the Transaction are held in escrow pursuant to the Voluntary Escrow Agreement. The remaining 6,750,000 Escrowed Securities are held in escrow under the Escrow Agreement.

10. DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets out the name, residence and principle occupation of each director and executive officer of the Company. In addition, the table shows the date on which each individual first became a director and/or officer and the number of common shares on the Company that each individual beneficially owns, or exercises control over, directly or indirectly, as of the date of this AIF. The information as to shares owned beneficially, not being within the knowledge of the Company, has been forwarded by the directors and officers individually.

Name and Municipality of Residence and Position with the Company	Principal Occupation for the past five years	Director/Officer Since	Number of Common Shares Held ⁽¹⁾
Chris Miller ⁽²⁾ Denver, Colorado CEO and Director	Mr. Miller is the founder and principal of Koios. He also leads the sales and marketing teams. An entrepreneur at an early age, his first exit from a company he founded and grew was in 2008, at the age of 27. Mr. Miller created Koios out of the huge need he saw in the marketplace for sustainable and earth grown products that could enhance human productivity, ultimately reaching hundreds of thousands of people around the United States and Canada within the first three years of operation. He is involved in crafting company culture, executing the vision and driving high level marketing and sales efforts. Mr. Miller's lifelong obsession with sports led him to playing rugby at The University of Nevada, where he graduated with a degree in economics.	April 13, 2018	7,500,000 ⁽³⁾
Anthony Jackson Vancouver, British Columbia CFO and Director	Mr. Jackson is the founder of Jackson & Company, Chartered Accountants, which assists private and public companies in a variety of industries with full service accounting, and tax services. He is also a principal of Bridgemark Financial Corp., which provides corporate compliance, financial advisory, and financial reporting services to public and private companies. Prior to founding Jackson & Company, Mr. Jackson spent a number of years working at Ernst & Young LLP and obtaining his Chartered Accountant designation, before moving on to work as a senior analyst at a boutique investment banking firm. Mr. Jackson holds a	April 13, 2018	Nil

Name and Municipality of Residence and Position with the Company	Principal Occupation for the past five years	Director/Officer Since	Number of Common Shares Held ⁽¹⁾
	Bachelor of Business Administration degree (B.B.A) from Simon Fraser University and the professional designation of Chartered Accountant (CA). Mr. Jackson has extensive experience as a director and CFO of numerous publicly traded companies.		
Scott Walters ⁽²⁾ Toronto, Ontario Director	Scott Walters is co-founder and chief executive officer of Molecular Science Corp. Mr. Walters has extensive business experience developing successful medical cannabis start-ups focused on providing scalable services to the sector. Mr. Walters is the CEO of Molecular Science Corp that provides the industry with cannabis-focused ancillary services and software backed by commercial science teams. Mr. Walters previously developed and led THC BioMed, Canabo Medical and Empower Clinics (USA) as founding CEO. Prior to his 2013 pivot to cannabis-focused industries, Scott spent 20 years in investment banking and derivatives trading with a focus on resources and technology at leading Canadian banking firms.	April 13, 2018	Nil ⁽⁴⁾
Konstantin Lichtenwald ⁽²⁾ Vancouver, British Columbia Director	Since March 2012, Mr. Lichtenwald has served as vice president at Bridgemark Financial Corp.	October 10, 2017	Nil

Notes:

- (1) The information as to common shares beneficially owned or over which a director and or officer exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective directors and or officers individually.
- (2) Member of the audit committee (the “**Audit Committee**”).
- (3) All 7,500,000 common shares of the Company are held by Williams St Company LLC, a limited liability company owned and controlled by Mr. Miller. Mr. Miller also holds 400,000 Options at an exercise price of \$0.20 per share, which will expire April 30, 2020.
- (4) Mr. Walters holds 400,000 Options at an exercise price of \$0.20 per share, which will expire April 30, 2020.

The board of directors of the Company consists of Konstantin Lichtenwald, Chris Miller, Anthony Jackson and Scott Walters. Chris Miller serves as Chief Executive Officer and Anthony Jackson serves as Chief Financial Officer. The directors and executive officers of the Company beneficially own, directly or indirectly, as a group 7,500,000 Common Shares of the Company representing approximately 14.81% of all outstanding voting securities of the Company on a non-dilutive basis (based on 50,639,878 common shares issued and outstanding as at October 10, 2018).

The Company has one Board committee, being its Audit Committee. The current members of the Audit Committee are Scott Walters, Konstantin Lichtenwald, and Chris Miller.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Corporate Cease Trade Orders

To the best of management's knowledge, no director or executive officer of the Company is, or within the ten years before the date of this AIF has been, a director, CEO or CFO of any company that:

- (a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity of director, CEO or CFO; or
- (b) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued after the director or executive officer ceased to be a director, CEO or CFO, and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

Bankruptcies

Except as otherwise disclosed in this section, no director or executive officer of the Company has:

- (a) within ten years before the date of this AIF, been a director or officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) within ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold the assets of the director or executive officer.

Chris Miller has previously filed for personal bankruptcy. Mr. Miller successfully exited a company in 2011. As a result of the tax treatment of that exit, Mr. Miller was left with a much larger tax liability than anticipated. Mr. Miller subsequently began working on the business that would become Koios. To protect Koios from his potential personal tax liability, Mr. Miller filed for personal bankruptcy. The bankruptcy was discharged in April 2017.

Penalties and Sanctions

To the best of management's knowledge, no director or executive officer of the Company has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with any securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a director or executive officer.

Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interest of the Company and to disclose any interests with they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, that director will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

To the knowledge of the Company, other than as disclosed in Section 15 – *Material Contracts*, there are no known existing or potential conflicts of interest among the Company and its promoters, directors, officers or other members of management immediately prior to completion of the Transaction, nor among the Company and any of the Company’s promoters, directors, officers or other members of management following the completion of the Transaction, as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promotes and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

11. PROMOTERS

Mr. Miller is considered a promoter of the Company. Mr. Miller does not receive any consideration for acting as promoter. Mr. Miller indirectly received 7,500,000 Common Shares in consideration for the closing of the Transaction. The 7,500,000 Common Shares were issued to Williams St Company LLC, a limited liability company controlled by Mr. Miller.

12. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

There are no legal proceedings material to the Company to which the Company is a party or of which any of its property is the subject matter, and there are no such proceedings known to the Company to be contemplated.

Regulatory Actions

The Company is not subject to any regulatory actions by any securities regulator or and other regulatory body, and has not entered into any settlement agreements with respect to securities legislation or securities regulatory authorities.

13. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or principal shareholder of the Company, or an associate or affiliate of a director, executive officer or principal shareholder of the Company, has any material interest, direct or indirect, in any transaction which has occurred within the three years before the date of this AIF, or in any proposed transaction, that has materially affected or will materially affect the Company or a subsidiary of the Company.

14. TRANSFER AGENT AND REGISTRAR

The Company's registrar and transfer agent is AST Trust Company (Canada) of Suite 1600 - 1066 West Hastings Street, Vancouver, British Columbia V6E 3X1.

15. MATERIAL CONTRACTS

Except as described herein, the Company has not entered into any material contracts within the two years before the date of this AIF, other than contracts entered into in the ordinary course of business:

- (a) Share Exchange Agreement dated October 20, 2017 among Koios, the former shareholders of Koios, and the Company, as described elsewhere in this AIF;
- (b) Loan Agreement dated October 27, 2017 between Koios and the Company, as described elsewhere in this AIF;
- (c) Concurrent Financing Escrow Agreement dated October 30, 2017 between the Company and Clark Wilson LLP, as described elsewhere in this AIF;
- (d) Second Loan Agreement dated January 18, 2018 between Koios and the Company, as described elsewhere in this AIF;
- (e) Finder's Fee Agreement between the Company and Tryton Financial Corporation dated April 13, 2018;
- (f) Joinder Agreement to Share Exchange Agreement among the Company, Koios, Williams St Company LLC, Jeffrey S. Koslosky, John T. Koslosky and Joseph G. Koslosky dated April 13, 2018;
- (g) Voluntary Escrow Agreement dated April 13, 2018 among the Company, the Voluntary Escrow Agent and the former shareholders of Koios, as described elsewhere in this AIF;
- (h) Escrow Agreement dated April 13, 2018 among the Company, AST Trust Company (Canada) as escrow agent and Williams St Company LLC, as described elsewhere in this AIF; and
- (i) Investment Agreement dated September 20, 2018 between the Company and Alumina Partners (Ontario) Ltd., as described elsewhere in this AIF.

Except as described herein, none of the subsidiaries of the Company have entered into any material contracts within the two years before the date of this AIF, other than contracts entered into in the ordinary course of business:

- (a) Share Exchange Agreement dated October 20, 2017 among Koios, the former shareholders of Koios, and the Company;
- (b) Loan Agreement dated October 27, 2017 between Koios and the Company;
- (c) Second Loan Agreement dated January 18, 2018 between Koios and the Company, as described elsewhere in this AIF; and
- (d) Joinder Agreement to Share Exchange Agreement among the Company, Koios, Williams St Company LLC, Jeffrey S. Koslosky, John T. Koslosky and Joseph G. Koslosky dated April 13, 2018.

16. INTERESTS OF EXPERTS

Dale Matheson Carr-Hilton Labonte LLP audited the financial statements of the Company for the year ended May 31, 2018. None of the partners of Dale Matheson Carr-Hilton Labonte LLP owned any Common Shares as at the date of the auditors' report on such audited financial statements or have acquired any Common Shares since such date.

Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants is independent of the Company in accordance with the rules of professional conduct of the Chartered Professional Accountants of British Columbia.

17. ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Additional financial information is provided in the Company's audited financial statements and MD&A for the current and previous financial years are also available under the Company's SEDAR profile.