KOIOS BEVERAGE CORP.
(FORMERLY SUPER NOVA PETROLEUM CORP.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED
AUGUST 31, 2018 AND 2017
(UNAUDITED)

(Expressed in US Dollars)

NOTICE OF NO AUDITORS' REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

KOIOS BEVERAGE CORP.
(FORMERLY SUPER NOVA PETROLEUM CORP.)
Condensed Interim Consolidated Statements of Financial Position (Unaudited)
As at August 31, 2018 and May 31, 2018
(Expressed in US dollars)

	Note	**August 31, 2018**	May 31, 2018
		$	$
ASSETS			
Cash		**474,903**	852,436
Accounts receivable	4	**14,743**	6,944
Prepaid expenses		**6,363**	64,520
Total assets		**496,009**	923,900
LIABILITIES			
Provision for indemnity	9	**24,679**	23,865
Accounts payable and accrued liabilities	5	**330,736**	342,811
Short-term loan	7	**151,121**	151,241
Due to related parties	7	**117,033**	124,463
		623,569	642,380
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	6	**7,580,368**	7,609,618
Reserves	6	**459,827**	247,416
Deficit		**(8,167,755)**	(7,575,514)
		(127,560)	281,520
Total liabilities and shareholders' equity (deficiency)		**496,009**	923,900

Approved and authorized for issue by the board of directors on October 30, 2018 and signed on its behalf by:

/s/ Chris Miller
Chris Miller, Director

/s/ Anthony Jackson
Anthony Jackson, Director

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

KOIOS BEVERAGE CORP.
(FORMERLY SUPER NOVA PETROLEUM CORP.)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Unaudited)
For the three months ended August 31, 2018 and 2017
(Expressed in US dollars)

	Note		2018		2017
Revenue		**$**	**19,133**	$	**-**
Cost of sales			**(13,874)**		**-**
			5,259		**-**
General and administration expenses					
Administrative fees	7		**231**		36,955
Advertising			**118,782**		-
Consulting fees	7		**115,866**		8,159
Filing fees and regulatory fees			**2,915**		1,466
Office			**77,224**		202
Professional fees			**40,990**		-
Rent			**9,132**		3,550
Share-based compensation	6,7		**212,411**		-
Travel			**7,346**		-
			(584,897)		(50,332)
Other items					
Foreign exchange loss			**(12,603)**		(25,460)
Loss on settlement of debt	6		**-**		(11,592)
			(12,603)		(37,052)
Loss and comprehensive loss		**$**	**(592,241)**	$	(87,384)
Loss per share, basic and diluted		**$**	**(0.01)**	$	(0.02)
Weighted average number of shares outstanding - basic and diluted			**49,990,545**		5,286,828

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

KOIOS BEVERAGE CORP.
(FORMERLY SUPER NOVA PETROLEUM CORP.)
Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency (Unaudited)
For the three months ended August 31, 2018 and 2017
(Expressed in US dollars)

	Number of Shares	Share Capital	Number of Special Warrants	Special Warrants	Reserves	Deficit	Total
		$	**$**	**$**	**$**	**$**	**$**
Balance, May 31, 2017	4,813,707	2,217,156	13,399,333	769,179	162,177	(3,558,986)	(410,474)
Private Placement (Note 6)	1,000,000	59,185	-	-	-	-	59,185
Special warrants issued (Note 6)	-	-	2,377,505	148,845	-	-	148,845
Loss for the period	-	-	-	-	-	(87,384)	(87,384)
Balance, August 31, 2017	5,813,710	2,276,341	15,776,838	918,024	162,177	(3,646,370)	(289,828)
Balance, May 31, 2018	49,990,545	7,609,618	-	-	247,416	(7,575,514)	281,520
Return of share capital (Note 6)	-	(29,250)	-	-	-	-	(29,250)
Share-based compensation (Note 6)	-	-	-	-	212,411	-	212,411
Loss for the period	-	-	-	-	-	(592,241)	(592,241)
Balance, August 31, 2018	**49,990,545**	**7,580,368**	**-**	**-**	**459,827**	**(8,167,755)**	**(127,560)**

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

KOIOS BEVERAGE CORP.
(FORMERLY SUPER NOVA PETROLEUM CORP.)
Condensed Interim Consolidated Statements of Cash Flows (Unaudited)
For the three months ended August 31, 2018 and 2017
(Expressed in US dollars)

	2018	2017
Cash flows from operating activities	$	$
Loss for the period	**(592,241)**	(87,384)
Item not affecting cash:		
Share-based payment	**212,411**	-
Changes in non-cash working capital items:		
Accounts receivable	**(7,799)**	(333)
Prepaid expense	**58,157**	99
Provision for indemnity	**814**	-
Accounts payable and accrued liabilities	**(12,075)**	(2,414)
Short-term loan	**(120)**	1,026
Net cash flows used in operating activities	**(340,853)**	(89,006)
Cash flows from financing activities		
Shares issued from private placement	**-**	59,185
Shares issued from special warrants	**-**	148,845
Return of share capital	**(29,250)**	-
Due to related parties	**(7,430)**	(83,330)
Net cash flows from (used in) financing activities	**(36,680)**	124,700
Net increase (decrease) in cash	**(377,533)**	35,694
Cash, beginning of the period	**852,436**	1,721
Cash, ending of the period	**474,903**	37,415

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Koios Beverage Corp. (formerly Super Nova Petroleum Corp.) (the "Company") was incorporated on November 13, 2002, under the *Business Corporations Act (British Columbia).* The Company, through its wholly owned subsidiary Koios Inc. (formerly Koios, LLC), is an emerging beverage company. The corporate and registered and records offices of the Company are located at Suite 318, 1189 West Pender Street, Vancouver, British Columbia, V6E 2R1. The Company's common shares are listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "KBEV".

On April 13, 2018, the Company completed a transaction with Koios Inc. (formerly Koios, LLC) ("Koios"), a company incorporated under the laws of the State of Colorado. Koios is in the business of producing, marketing and selling functional beverages. As a result, the Company acquired 100% of Koios by issuing 15,000,000 common shares (the "Payment Shares") to the securityholders of Koios (the "Transaction"). Upon the closing of the Transaction, Koios became a wholly owned subsidiary of the Company. (Note 10)

a) Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted and therefore, these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended May 31, 2018.

b) Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The presentation and functional currency of the Company is the US dollar.

Effective June 1, 2016, the Company has changed its presentation currency and the comparative information that was previously presented in Canadian dollars has been translated to the US dollars as follows:

- Balance sheet using the closing rate at May 31, 2017, which was CAD 1.2948 per USD and at August 31, 2017 which was CAD 1.2536 per USD;
- Income, expenses and cash flows using the average rate for the three months ended August 31, 2017 which was CAD 1.2869 per USD.

c) Going concern

To date, the Company has incurred losses and further losses are anticipated. The Company's ability to continue as a going concern and meet its corporate objectives will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue its existence.

Expressed in US Dollars, unless otherwise stated

1. NATURE AND CONTINUANCE OF OPERATIONS (cont'd…)

d) Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Koios Inc. (formerly Koios, LLC) ("Koios"), Cannavated Beverage Co. (BC) ("Cannavated BC") and Cannavated Beverage Corp. (Nevada) ("Cannavated Nevada"). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company's audited consolidated financial statements for the year ended May 31, 2018.

3. NEW ACCOUNTING STANDARDS

Accounting standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the August 31, 2018 reporting period. Management does not expect these standards will have a significant impact on the measurement or presentation of balances or transactions as reported in these consolidated financial statements.

IFRS 16, Leases

This new standard replaces IAS 17 *"Leases"* and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15. While the Company is currently evaluating the impact this new guidance will have on its consolidated financial statements, the recognition of certain leases is expected to increase the assets and liabilities on the consolidated statements of financial position. As a result, the Company expects IFRS 16 to have a significant change to the consolidated statements of financial position.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. ACCOUNTS RECEIVABLE

	August 31, 2018	May 31, 2018
	$	$
GST receivable	10,997	6,944
Other receivables	3,746	-
	14,743	6,944

Expressed in US Dollars, unless otherwise stated

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2018	May 31, 2018
	$	$
Accounts payable	242,008	253,681
Accrued liabilities	88,728	89,130
	330,736	342,811

6. SHARE CAPITAL

Authorized - unlimited number of common shares without par value.

Share issuances

There were no shares issuances during the three months ended August 31, 2018.

During the three months ended August 31, 2018, the Company returned $29,250 to its subscribers.

During the year ended May 31, 2018:

In July 2017, the Company issued 1,000,000 shares at C$0.075 per unit for total proceeds of $59,185. Each unit consisted of one common share and one common share purchase warrant exercisable at C$0.10 per share for a period of two years from the date of issuance.

The Company issued 15,000,000 common shares with a fair value of $2,381,400 in connection with the acquisition of Koios (Note 10). 1,500,000 common shares were issued as finder's shares with a fair value of $238,140.

In anticipation of the Transaction with Koios (Note 10), the Company issued 11,900,000 share subscription receipts at a price of C$0.20 per subscription receipt for gross proceeds of $1,889,244. The Company incurred share issuance costs of $93,531. The subscription receipts converted to 11,900,000 shares of the Company on completion of the Transaction.

On April 25, 2018, the Company issued a total of 15,776,838 common shares with a fair value of $918,024 from the conversion of special warrants.

Special warrants

In July 2017, the Company issued 2,377,505 special warrants to settle debts of C$178,313; 1,674,301 special warrants were issued to Golden Dawn Minerals Inc. ("GOM") for C$125,573 and 703,204 special warrants were issued to a company controlled by the CEO for C$52,740.

Each warrant will automatically convert on the earlier of i) the second anniversary of the date of the issuance of the special warrants, and ii) the closing of a significant transaction involving the Company. At conversion, each special warrant shall convert into a unit of the Company. Each unit consists of one common share and one share purchase warrant. Each warrant shall be exercisable into a common share of the Company at $0.10 per share for a period of two years from conversion. The special warrants were valued at C$0.081 per special warrant for a total value of $148,845 (C$193,231); C$0.075 for the underlying common share and C$0.006 for the underlying warrant (calculated using the Black-Scholes model). A $11,730 loss on settlement of debt was recorded in the current period related to the issuance of the special warrants and settlement of debts noted above. The fair value of the warrants was determined using the following assumptions:

Expressed in US Dollars, unless otherwise stated

6. SHARE CAPITAL (cont'd…)

Special warrants (cont'd…)

Weighted average assumptions	**At issuance July 5, 2017**
Risk free interest rate	1.13%
Volatility	125%
Expected life of warrants	2 years
Dividend rate	0%
Liquidity discount	90%

On April 25, 2018, 15,776,838 special warrants of the Company were converted into 15,776,838 units of the Company. Of the 15,776,838 special warrants, 13,399,333 special warrants converted into 13,399,333 units, each of which is comprised of a common share and one share purchase warrant, which is exercisable into a common share until April 25, 2020 at a price per share of C$0.075; and 2,377,505 special warrants converted into 2,377,505 units, each of which is comprised of a common share and one share purchase warrant, which is exercisable into a common share until April 25, 2020 at a price per share of C$0.10.

In October 2016, the Company issued 13,399,333 special warrants to settle debts of $669,967, of which 9,799,333 special warrants were issued to GOM for C$489,967; 2,550,000 special warrants were issued to a company controlled by the CEO for C$127,500; and 525,000 special warrants were issued to a company controlled by the CFO for C$26,250.

Each warrant will automatically convert on the earlier of i) the second anniversary of the date of the issuance of the special warrants, and ii) the closing of a significant transaction involving the Company. At conversion, each special warrant will convert into a unit of the Company. Each unit consists of one common share and one share purchase warrant. Each warrant shall be exercisable into a common share of the Company at C$0.075 per share for a period of two years from conversion. The special warrants were valued at C$0.0775 per special warrant for a total value of $769,179 (C$1,038,449); C$0.05 for the underlying common share and C$0.0275 for the underlying warrant (calculated using the Black-Scholes model). A $278,462 loss on settlement of debt was recorded in the current period related to the issuance of the special warrants and settlement of debts noted above. The fair value of the warrants was determined using the following assumptions:

Weighted average assumptions	**At year ended May 31, 2017**
Risk free interest rate	1.2%
Volatility	125%
Expected life of warrants	2 years
Dividend rate	0%
Liquidity discount	90%

Expressed in US Dollars, unless otherwise stated

6. SHARE CAPITAL (cont'd…)

Stock options

The Company grants stock options to employees, directors, officers, and consultants of the Company as compensation for services pursuant to its Stock Option Plan (the "Plan"). Options have a maximum expiry period of up to five years from the grant date and are subject to minimum vesting requirements, as determined by the Board of Directors. The number of options that may be issued under the Plan may not exceed 10% of the number of issued and outstanding common shares of the Company at the time of granting of options.

During the year ended May 31, 2018:

On April 30, 2018, the Company granted 1,500,000 stock options to two directors of the Company, an officer of Koios, an employee of Koios and two consultants of the Company, pursuant to its stock option plan, at an exercise price of C$0.20 per common share. Each option granted to the optionees is exercisable for a period of two years. Of the stock options granted, 1,000,000 of the stock options vest on April 30, 2019 and 500,000 of the stock options vest on August 30, 2018. The Company recognized $58,356 in the consolidated statements for loss and comprehensive loss for the value of the options that vested during the year using Black Scholes option pricing method.

On May 15, 2018, the Company granted 50,000 stock options to a consultant at an exercise price of C$0.38 per common share. The Company recognized $13,897 in the consolidated statements for loss and comprehensive loss for the value of the options using Black Scholes option pricing method.

The fair value of the options granted was determined using the following assumptions:

Weighted average assumptions	At year ended May 31, 2018
Risk free interest rate	1.88%
Volatility	239%
Expected life of warrants	2 years
Dividend rate	0%
Liquidity discount	0%

The following table summarizes stock option activity:

	Number of options	Weighted average price
Balance at May 31, 2016	255,000	C$ 0.70
Cancelled	(192,500)	(0.70)
Balance at May 31, 2017	62,500	0.70
Granted	1,500,000	0.20
Granted	50,000	0.38
Balance at May 31, 2018	1,612,500	0.22
Cancelled	(62,500)	(0.70)
Balance at August 31, 2018	1,550,000	C$ 0.21

During the three months ended August 31, 2018, the Company recognized $212,411 (2017 - $Nil) of share-based compensation for the options vested during the period.

62,500 of stock options were cancelled during the three months ended August 31, 2018.

Expressed in US Dollars, unless otherwise stated

6. SHARE CAPITAL (cont'd…)

Stock options (cont'd…)

Information regarding stock options outstanding as at August 31, 2018 is as follows:

Number of options outstanding and exercisable	Exercise price		Expiry date	Weighted Average Remaining Life (years)
50,000	C$	0.38	May 15, 2021	2.71
1,500,000	C$	0.20	April 30, 2020	1.67
1,550,000				1.70

Share purchase warrants

The following table summarizes warrant activity:

	Number of warrants	Weighted average price	
Balance at May 31, 2016	1,596,744	C$	1.20
Expired	(640,997)		(1.21)
Balance at May 31, 2017	955,747		1.67
Expired	(955,747)		(1.67)
Issued	1,000,000		0.10
Issued	13,399,333		0.075
Issued	2,377,505		0.10
Balance at May 31, 2018	16,776,838		0.08
Cancelled	(649,333)		0.09
Balance at August 31, 2018	16,127,505	C$	0.08

Information regarding share purchase warrants outstanding at August 31, 2018 is as follows:

Number of warrants outstanding and exercisable	Exercise price		Expiry date	Weighted Average Remaining Life (years)
500,000	C$	0.10	July 19, 2019	0.88
13,250,000	C$	0.075	April 25, 2020	1.65
2,377,505	C$	0.10	April 25, 2020	1.65
16,127,505				1.61

During the three months ended August 31, 2018, 500,000 share purchase warrants with an exercise price of C$0.10 and 149,333 share purchase warrants with an exercise price of C$0.075 were cancelled.

7. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the three months ended August 31, 2018:

a) $Nil (2017 - $11,655) of management fees were accrued to a company controlled by the CEO. In July 2017, the Company issued 703,204 special warrants to settle debts of $40,731 (Note 6). As at August 31, 2018, $38,300 (May 31, 2018 - $38,615) was payable.

   GOM, a publicly traded company with common former directors and officers of the Company, provides office space and administration services to the Company. During the year ended May 31, 2018, the Company incurred $71,829 (2017 - $70,373) payable to GOM for its services provided. GOM also advanced cash or paid expenses on behalf of the Company, net of repayments, during the year to the Company totalling $6,795 (2017 - $6,531). In July 2017, the Company issued 1,674,301 special warrants to settle debts of $96,980 (Note 5). In January 2018, the Company transferred its mineral claims known as Iron Ridge mineral property to GOM to settle debts of $39,315 (C$50,000). The property had previously been written down to $Nil and therefore a $39,315 gain was recorded on the statement of loss and comprehensive loss.

   As at August 31, 2018, a total of $38,153 (May 31, 2018 - $38,467) remained outstanding as due to GOM.

b) As of August 31, 2018, the Company has a $14,554 (May 31, 2018 - $14,674) unsecured loan from a relative of the former CEO, which is payable on demand with a fixed rate of $1,000 in interest accruing annually.

c) As at August 31, 2018, $139,721 (May 31, 2018 - $136,567) is outstanding to the CEO of the Company (previously the CEO of Koios). The loans are non-interest bearing, unsecured and due on demand.

d) During the three months ended August 31, 2018, the Company paid $212,411 (2017 - $Nil) share-based compensation to directors and officers.

e) During the three months ended August 31, 2018, the CEO of the Company repaid expenses on behalf of the Company and has an outstanding balance of $34,000 (May 31, 2018 - 47,381).

f) $7,634 (2017 - $Nil) of consulting fees were accrued to a company controlled by the CFO of the Company and has an outstanding balance of $2,011 (2017 - $Nil).

g) $32,750 (2017 - $Nil) of consulting fees were accrued to the CEO of the Company.

h) Except where noted above, accounts payable to related parties do not bear interest, are unsecured and are repayable on demand.

8. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, short term loan, and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Credit risk
Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables consist of Goods and Services Tax ("GST") receivable from the Canadian government and are considered low risk.

Currency risk
The Company and its subsidiaries do not have significant financial assets and liabilities denominated in foreign currencies. Management monitors its foreign currency balances and makes adjustments based on anticipated need for currencies. The Company does not engage in any hedging activities to reduce its foreign currency risk.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipated it will need additional capital in the future to finance ongoing exploration of its properties, such capital to be derived from the exercise of outstanding warrants and/or the completion of other equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the sale of equity securities.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets in Canada have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

Interest rate risk
The Company normally invests in short-term interest bearing financial instruments. There is a minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificate included in cash as they would be held in large financial institutions.

Fair value measurements of financial assets and liabilities

The Company believes that the recorded values of its receivables, due to related parties, short term loan and accounts payable and accrued liabilities, approximate their current fair values because of their nature and relatively short maturity dates or durations.

Expressed in US Dollars, unless otherwise stated

9. PROVISION FOR INDEMNITY

Flow-Through Exploration Expenditures

During the year ended May 31, 2013, the Company raised a total of C$85,440 in flow-through funds, which the Company committed to use in exploration activities on its active projects. The Company allocated C$14,240 of the proceeds to the flow through share premium liability and the remaining proceeds of C$71,200 to share capital. As at May 31, 2014, the Company did not incur eligible exploration expenses which resulted in a penalty and accrued interest totaling approximately C$32,219 recognised as indemnity expense in the statement of loss and compressive loss.

10. ACQUSITION OF SUBSIDIARY

On April 13, 2018, the Company completed the Transaction. As consideration for acquiring 100% interest in Koios, the Company issued 15,000,000 common shares to the members of Koios with a fair value of $2,381,400.

The acquisition was accounted for as an asset acquisition. There were no intangible assets identified that met the recognition criteria under IFRS and therefore the excess of the consideration paid over the fair value of the monetary assets and liabilities assumed was expensed.

The details of the consideration paid and the assets and liabilities of Koios assumed is as follows:

Consideration paid:	$
Fair value of shares issued (15,000,00 at $0.159 (C$0.20) per share)	2,381,400
Total consideration paid	2,381,400
Less: Value of net assets acquired	
Cash	9,238
Accounts payable and accrued liabilities	(80,989)
Loan payable	(165,646)
Loan from Super Nova	(93,233)
Net liabilities assumed	(330,630)
Other consideration paid:	
Finders' fees	238,140
Legal fees and professional fees	78,398
Loss on acquisition	3,028,568

The Company granted 1,500,000 common shares of the Company as a finder's fee for a fair value of $238,140.

In connection with the transaction, the special warrants of the Company were converted into 15,776,838 units for a fair value of $918,024. Each unit is comprised of one common share and one share purchase warrant. (Note 6)

11. CAPITAL MANAGEMENT

The Company's capital structure consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management since the year ended May 31, 2018. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital to complete its exploration plan and ultimately the development of its business, and will need to raise adequate capital by obtaining equity financing through private placements or debt financing. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

12. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On September 24, 2018, the Company entered into an agreement for a drawdown equity facility of up to $28-million. The agreement provides for equity private placement offerings to be conducted between the Company and Alumina Partners (Ontario) Ltd., a subsidiary of Alumina Partners LLC, a New York-based private equity firm that has made significant investments in the cannabis sector, in drawdown amounts of up to $2-million.

Pursuant to the terms of the agreement, Alumina Partners committed to purchasing up to $28-million worth of units of the Company, consisting of one common share and one-half of one common share purchase warrant, with each unit being purchased at a discount of between 15 to 20 per cent of the then current market price of the shares, or such lesser discount as dictated by Section 2.1 of Policy 6 of the Canadian Securities Exchange or as mutually agreed by the parties, with each offering occurring at the sole option of the Company, throughout the 24-month term of the agreement. The exercise price of the warrants will be at a 50% premium over the then current market price of the shares. Each whole warrant will entitle the holder to purchase one additional share for a period of 24 months from the closing of the applicable offering. Closing of each offering is subject to a number of conditions, including receipt of any necessary corporate and regulatory approvals.

On October 11, 2018, the Company closed a non-brokered private placement financing of 7,645,282 units at a price of C$0.265 per unit for gross proceeds of $2,025,999.73. Each unit comprised one common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional share at a price of C$0.35 per share until October 11, 2021.