KOIOS BEVERAGE CORP.
(Formerly Super Nova Petroleum Corp.)

Management's Discussion & Analysis
For the three months ended August 31, 2018

(Expressed in US Dollars)

BACKGROUND

This management's discussion and analysis of the financial position and results of operations ("MD&A") for Koios Beverage Corp. (formerly Super Nova Petroleum Corp.) (the "Company") is prepared as at October 30, 2018. The information herein should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three months ended August 31, 2018 and the audited consolidated financial statements for the years ended May 31, 2018 and 2017 and the related notes contained therein, which have been prepared under International Financial Reporting Standards ("IFRS").

The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in US dollars, the reporting and functional currency of the Company, unless specifically noted.

The reader is encouraged to review the Company's statutory filings and additional information on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements concerning anticipated developments on the Company's continuing operations, the adequacy of the Company's financial resources, financial projections, including, but not limited to, estimates of capital and operating costs, mining activities, production, grades, processing rates, life of mine, net cash flows, net present value, internal rate of return, metal prices, exchange rates, reclamation costs, results of the drill program, the conversion of mineral properties to reserves and resources and other events or conditions that may occur in the future. Forward-looking statements are frequently, but not always, identified by words such as "expects," "anticipates," "believes," "intends," "estimates," "potential," "possible," "budget" and similar expressions, or statements that events, conditions or results "will," "may," "could" or "should" occur or be achieved. Information concerning the interpretation of drill results and mineral resource and reserve estimates also may be deemed to be forward-looking statements, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those described in this MD&A.

Forward-looking statements are subject to all of the risks and uncertainties normally incident in a public shell company looking for completing a transaction, which may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The major risk is that the Company currently has no business operations and intends to seek new ventures or other opportunities which could include acquiring a business or assets, which in itself could require additional debt or equity financing.

Although the Company believes that the material factors, expectations and assumptions expressed in such forward-looking statements are reasonable based on information available to it on the date such statements were made, no assurances can be given as to future results, levels of activity and achievements and such statements are not guarantees of future performance. The Company's actual results may differ materially from those expressed or implied in forward-looking statements and readers should not place undue importance or reliance on the forward-looking statements. Statements including forward-looking statements are made as of the date they are given and, except as required by applicable securities laws, the Company disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

COMPANY OVERVIEW

The Company was a Canadian resource exploration company engaged in the acquisition and exploration of mineral properties and oil and gas properties. On October 22, 2012, the Company's common shares were listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "SNP."

During the year ended May 31, 2015, the Company wrote off the value of its exploration properties as the Company made the decision to significantly reduce future exploration expenditures due to the economic downturn in the mining industry.

On April 13, 2018, the Company completed the 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 security holders of Koios (the "Transaction"). Upon the closing of the Transaction, Koios became a wholly owned subsidiary of the Company. The Company changed its name to Koios Beverage Corp. and its trading symbol is changed to "KBEV".

Koios, now a wholly-owned subsidiary of 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 its products. Koios has relationships with some of the largest and most reputable distributors in the United States, including Europa Sports, Muscle Foods USA, KeHE, and Wishing-U-Well. Together these distributors represent over 80,000 brick and mortar locations across the United States from sports nutrition stores to large natural grocery chains including Whole Foods and Sunflower markets. Through its partnership with Wishing-U-Well, Koios also enjoys a large presence online, including being an Amazon choice product.

Koios uses a proprietary blend of nootropics and natural organic compounds to enhance human productivity without using harmful chemicals or stimulants. Koios products can enhance focus, concentration, mental capacity, memory retention, cognitive function, alertness, brain capacity and create all day mental clarity. Its ingredients are specifically designed to target brain function by increasing blood flow, oxygen levels and neural connections in the brain.

Koios is one of the only drinks in the world to infuse its products with MCT oil. MCT oil is derived from coconuts and has been shown to help the body burn fat more effectively, create lasting energy from a natural food source, produce ketones in the brain, allowing for greater brain function and clarity, support healthy hormone production and improve immunity.

On May 10, 2018, the Company has incorporated a wholly owned subsidiary, Cannavated Beverage Co. ("Cannavated"), which will be among the first companies to produce cannabis-infused beverages.

HIGHLIGHTS

The following are highlights of events occurring during the year ended May 31, 2018, the three months ended August 31, 2018 and subsequent thereto:

Completion of the Fundamental Change Transaction

On October 20, 2017, the Company entered into a share exchange agreement (the "Agreement") 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.

Pursuant to the Agreement, the Company will acquire 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 will become a wholly owned subsidiary of the Company. The Company intends to issue 1,500,000 finders' shares in relation to the Transaction.

The Payment Shares will be deposited into escrow at the closing. 25% of the Payment Shares will be released on the first anniversary of the closing and 25% every three months thereafter, in three tranches.

On April 13, 2018, the Company completed the Transaction pursuant to the Agreement. In consideration for the acquisition of the outstanding securities of Koios, the Company issued an aggregate of 15,000,000 shares to the former shareholders of Koios. In addition, a total of 1,500,000 shares were issued to one finder as finder's fees in connection with the Transaction.

Concurrently, the Company closed the financing of 11,900,000 Share Subscription Receipts at a price of C$0.20 per subscription receipt for gross proceeds of $1,889,244. The Share Subscription Receipts are automatically converted, for no additional consideration, into one common share of the Company.

Name change

In connection with the Transaction, the Company changed its name from "Super Nova Petroleum Corp." to "Koios Beverage Corp."

New Board and management

Effective on the closing of the Transaction, Wolf Wiese resigned as Chief Executive Officer and a director of the Company, Stefan Bender resigned as a director, Dieter Benz resigned as a director, Ke Feng (Andrea) Yuan resigned as Chief Financial Officer and Andrew Brown resigned as Corporate Secretary. Chris Miller was appointed as Chief Executive Officer and a director of the Company, Anthony Jackson was appointed Chief Financial Officer and a director, Scott Walters was appointed as a director and Konstantin Lichtenwald remains as a director.

Chris Miller, Chief Executive Officer

Mr. Miller is the founder and CEO of the Koios. He also serves on the board of directors and 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. Chris created the 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. Chris has spoken globally on entrepreneurship and effectively growing sales organizations and has been recognized as a leader by some of the top organizations in the world for outstanding leadership and entrepreneurial ability. Chris lifelong obsession with sports led him to playing rugby at The University of Nevada, where he graduated with a degree in economics.

Anthony Jackson, Chief Financial Officer

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 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, 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.

Private Placement

In relation with the fundamental change transaction with Koios, 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.

In July 2017, the Company completed a private placement through the issuance of 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.

Special warrants and debt settlements

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.

Expressed in US Dollars, unless otherwise stated

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:

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%

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:

	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%

Conversion of special warrants

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.

Grant of options

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.

Disposal of Iron Ridge Property and debt settlement

The Company owned a 100% interest in the Iron Ridge Property, located near Creston, British Columbia. During the year ended May 31, 2015, due to a delay of exploration activity, the Company wrote down the property value to $Nil.

In January 2018, the Company transferred the claims to GOM to settle debts of C$50,000.

Development of a Line of Cannabis Functional Beverages

On May 10, 2018, the Company has incorporated a wholly owned subsidiary, Cannavated Beverage Co. ("Cannavated"), which will be among the first companies to produce cannabis-infused beverages.

Koios brings its proven experience in the functional beverage industry to the growing cannabis sector. Cannavated drinks will have all of the nootropic health benefits of the winning Koios drink formula and will target medical cannabis users, who have long called for more choice in the market.

Cannavated's longer-term plans include partnering with licensed producers, cultivators and other regulated cannabis companies who want to sell their own lines of cannabis drinks. By entering into a white-labelling turnkey agreement, companies will be able to sell Cannavated drinks under their own brand names and labels.

On May 15, 2018, the Company appointed CoorsMiller executive Josh Luman to its advisory board.

The Company has engaged CFN Media to conduct a four-month investor and market visibility program begun on May 17, 2018.

On May 22, 2018, the Company entered into an agreement with NeuraPerformance/Neuroptimize Brain Center whereby NeuraPerformance/Neuroptimize will perform full clinical brain scans on Koios users.

On June 4, 2018, the Company has signed an agreement for continuing sales and distribution of its products with Wishing-U-Well. Colorado-based distributor Wishing-U-Well is one of the largest retailers of health-based products on the Amazon on-line retail platform. The agreement is an extension of an existing sales agreement between the two companies and confirms the continuing relationship between Koios and one of its largest distributors.

On June 19, 2018, the Company has formed a new distribution partnership with 5 Star Nutrition, a major retailer of sports nutrition, weight-loss and vitamin products in the United States. 5 Star Nutrition is a leading retailer of supplements for fitness and health, and is now adding the Koios line of nootropic products for enhancement of the human mind. 5 Star has more than 40 locations and last year launched 11 new outlets on military bases across the United States, offering military members and veterans significant discounts on products.

On June 28, 2018, Cannavated Beverage Co., ('Cannavated") a wholly owned subsidiary of the Company, has entered into an exclusive licensing agreement with CanCore Concepts Ltd. for a line of cannabis-infused beverages. The agreement, effective July 1, 2018, is with Colorado-based CanCore Concepts Ltd., more widely known as Keef Brands. Keef is a leading developer of cannabis-infused beverages. The Company's products include the popular line of beverages that sell under the Keef Cola brand. The licensing agreement allows Keef Brands to include the Cannavated nootropic formula in Keef's line of cannabis beverages.

On July 18, 2018, the Company has made a distribution deal with SportLife Distribution, which will expose the Company's products to thousands of additional retail customers over the next three months. SportLife serves more than 5,000 retail locations across the United States. The Florida-based retailer will be carrying all three flavours of Koios's new brand of nootropic powder supplements and the full line of the Company's proprietary brain-healthy beverages.

On August 27, 2018, the Company has entered into a co-packaging agreement with Golden Global Goods, the parent company of Rocky Mountain Soda. The agreement gives Koios access to Rocky Mountain's high-volume production line, so the functional beverage maker can now produce a lower minimum amount of product at any given time, while achieving the same cost-effectiveness that could otherwise only be gained through mass production. Rocky Mountain Soda is known for its high-quality, hand-crafted sodas made in small batches. Koios will purchase two new tanks on behalf of Rocky Mountain Soda, of which it will have priority use for two years under the exclusive agreement. The tanks will be used to mix and create Koios's beverages, made from a proprietary blend of nootropics.

RESULTS OF OPERATIONS

Three months ended August 31, 2018 and 2017

For the three months ended August 31, 2018, the Company incurred a net and comprehensive loss of $592,241 (2017 - $87,384). The higher loss in the current three month period were mainly due to the increase in advertising fees, consulting fees and share-based compensation compared to the three month period of the prior year.

Expressed in US Dollars, unless otherwise stated

General and administration expenses of $584,897 (2017 - $50,332) for the three months ended August 31, 2018 are mainly comprised of the following major items:

- Administration fees of $231 (2017 - $36,955) mainly include accounting, administration and staff payroll charged by GOM and other administrative fees;
- Advertising fees of $118,782 (2017 - $Nil) for marketing of the Company's products;
- Consulting fees of $115,866 (2017 - $8,159) were paid to investor relations consultants;
- Filing fees and regulatory fees of $2,915 (2017 - $1,466) incurred for the Transaction and other filing fees;
- Professional fees of $40,990 (2017 - $Nil) during the three months ended August 31, 2018 was for audit and tax preparation and legal fees;
- Rent of $9,132 (2017 - $3,550) was charged by GOM for shared office space;
- Office expenses of $77,224 (2017 - $202) include travel, office supplies and expenses shared with GOM, and transfer agent fees, website maintenance and other miscellaneous expenses;
- Share-based compensation of $212,411 (2017 - $Nil) for issuance of stock options; and
- Travel of $7,346 (2017 - $Nil) for additional activities and operations of the Company.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes the operation results for the past eight quarters:

	Three month period ended August 31, 2018	Three month period ended May 31, 2018	Three month period ended February 28, 2018	Three month period ended November 30, 2017(a)
	$	$	$	$
Total assets	496,009	923,900	C2,315,164	C2,310,842
Working capital (deficiency)	(127,560)	281,520	C1,960,869	C1,956,275
Shareholders' equity (deficiency)	(127,560)	281,520	C1,960,869	C1,956,275
Net income (loss) and comprehensive income (loss)	(592,241)	(4,073,384)	C(75,956)	C112,408
Income (loss) per share	(0.01)	(0.16)	C(0.01)	C0.02

	Three month period ended August 31, 2017	Three month period ended May 31, 2017(b)	Three month period ended February 28, 2017	Three month period ended November 30, 2016
	$	$	$	$
Total assets	C47,321	C2,457	C6,290	C3,596
Working capital deficiency	C(365,630)	C(554,170)	C(453,399)	C(402,893)
Shareholders' deficiency	C(365,630)	C(554,170)	C(453,399)	C(402,893)
Net loss and comprehensive loss	C(79,691)	C(469,253)	C(50,506)	C(83,179)
Loss per share	C(0.02)	C(0.10)	C(0.01)	C(0.02)

a) During the three months ended November 30, 2017, the Company issued 11,475,000 Share Subscription Receipts for gross proceeds of C$2,295,000. During the three months ended November 30, 2017, the Company recorded a gain on settling old accounts payables of C$184,055.

Expressed in US Dollars, unless otherwise stated

b) During the three months ended May 31, 2017, the Company recorded a loss on settlement of debts of C$368,482, resulting from the difference of the fair value of special warrants issued and the cost of the debts settled.

LIQUIDITY AND CAPITAL RESOURCES

Capital management

The Company considers its capital to be the main component of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business 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, high liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

Liquidity and capital resources

The Company's working capital and deficit positions at August 31, 2018 and May 31, 2018 were as follows:

	August 31, 2018	May 31, 2018
	$	$
Working capital (deficit)	**(127,560)**	281,520
Deficit	**(8,167,755)**	(7,575,514)

The balance of cash available at August 31, 2018 was $474,903, with a negative working capital of $127,560.

The improvement of the Company's working capital situation during the year ended May 31, 2018 was due to the issuance of 11,900,000 Share Subscription Receipts for gross proceeds of $1,889,244. The issuance of the Share Subscription Receipts is related to the fundamental change transaction. On April 13, 2018, the Share Subscription Receipts are automatically converted, for no additional consideration, into one common share of the Company.

Net cash used in operating activities for the current three month period was $340,853 (2017 - $89,006). The net cash used in operating activities for the period consists primarily of an operating loss and an increase in receivables.

There were no activities for investing activities.

Net cash used in financing activities during the current three month period was $36,680 (2017 - received from financing activities of $124,700), which included the return of share capital of $29,250 and decreased of due to related parties of $7,430.

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. If adequate financing is not available when required, the Company may be unable to continue operating. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Certain new accounting standards and interpretations have been published that are not mandatory for the August 31, 2018 reporting period. Those new standards have been assessed, but are not expected to have any impact on the Company's financial statements.

All of the Company's significant accounting policies and estimates are included in Notes 2 and 3 of its consolidated financial statements for the year ended May 31, 2018.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, short term loans 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 that 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 stock options, 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 are currently held in large financial institutions.

Fair value measurements of financial assets and liabilities

The Company believes that the recorded values of 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.

OTHER RISKS AND UNCERTAINTIES

The Company currently has no business operations and intends to seek new ventures or other opportunities which could include acquiring a business or assets, which in itself could require additional debt or equity financing. There can be no assurances that the Company will continue to be able to obtain adequate financing in the future or that the terms of such financing will be favorable.

OUTSTANDING SHARE DATA

The following table summarizes the Company's outstanding share data as of the date of this MD&A:

	Number of shares issued or issuable
Common shares	57,635,827
Stock options	1,550,000
Warrants	8,145,282
Special Warrants	15,627,505

SUBSEQUENT EVENTS

On September 6, 2018, the Company planned to market its line of cannabis and cannabidiol-infused beverages through an innovative distribution model, generally known as direct store delivery (DSD) and direct to customer (D2C) sales. Cannabis beverages are produced and distributed through the company's wholly owned subsidiary, Cannavated Beverage Corp., in partnership with Keef Brands. Direct store delivery involves selling and shipping directly to retail stores that carry Koios products, with no use of any independent third party -- neither an independent wholesaler, nor the retailer's own warehouses.

On September 13, 2018, the Company entered into a distribution agreement with Western Functional Beverages, a leading distributor of healthy, functional drinks targeting the fitness crowd in the state of Wyoming. Western Functional Beverages, a division of Western Distributing Co., distributes healthy drinks to cafes, gyms, yoga studios and other retail locations. It will now add Koios brands to its portfolio of beverages, which include teas, kombucha, coconut water, cold-brew coffee and the popular Jones Soda. It will begin distributing peach mango and pear guava immediately, eventually carrying the entire line of Koios beverages as they become available.

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 September 26, 2018, the Company announced the plan to release the world's first cannabis-infused nootropic beverage in November. The new product will be a collaboration with the Company's partner Keef Brands, a division of CanCore Concepts Inc. (CanCore), and Koios's wholly owned subsidiary Cannavated Beverage Corp. Cannavated was formed specifically to license the nootropic formulas to other companies working in the area of cannabis-infused beverages.

On October 2, 2018, the Company's proprietary nootropic drinks and supplements are now for sale at Alfalfa's Market, a Colorado institution and early adopter of natural and organic groceries. The new distribution arrangement exposes the company's products to thousands of additional retail customers who shop at Alfalfa's every week at two Colorado locations - Boulder and Louisville.

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.

On the same day, the Company introduced single-serving samples of its brain-healthy proprietary nootropics powder, starting with its most popular flavour, blueberry lemonade. The on-the-go travel-sized packages, called stick packs, are now in production. They will be available after December 1, 2018.

On October 16, 2018, the Company entered into a distribution deal with northern Colorado's FC Food Co-Op, Mountain Avenue Market, exposing the Company's products to thousands of new customers each week. The Company's line of beverages are now available for sale at the co-op.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet items.

RISKS AND UNCERTAINTIES

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 Listing Statement. 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.

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.

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

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. We will be dependent upon the capital markets to raise additional financing in the future, while we establish a client base for our product. Access to financing has been negatively impacted by the ongoing global economic downturn. 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.

We have not paid dividends in the past and do not anticipate paying dividends in the near future. We expect to retain our earnings to finance further growth and, when appropriate, retire debt.

DISCLAIMER

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents. No securities commission or regulatory authority has reviewed the accuracy of the information presented herein.