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

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED
NOVEMBER 30, 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)
(Expressed in US dollars)

	Note	November 30, 2018	May 31, 2018
		$	$
ASSETS			
Cash		**1,058,047**	852,436
Accounts receivable	3	**18,380**	6,944
Inventory		**21,033**	-
Prepaid expenses		**46,428**	64,520
Total assets		**1,143,888**	923,900
LIABILITIES			
Provision for indemnity	8	**24,425**	23,865
Accounts payable and accrued liabilities	4	**340,386**	342,811
Short-term loan	6	**150,971**	151,241
Due to related parties	6	**121,022**	124,463
		636,804	642,380
SHAREHOLDERS' EQUITY			
Share capital	5	**9,181,923**	7,609,618
Reserves	5	**570,619**	247,416
Deficit		**(9,245,458)**	(7,575,514)
		507,084	281,520
Total liabilities and shareholders' equity		**1,143,888**	923,900

Approved and authorized for issue by the board of directors on January 29, 2019 and signed on its behalf by:

/s/ Chris Miller — Chris Miller, Director

/s/ Erik LeVang — Erik LeVang, 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 and six months ended November 30, 2018 and 2017
(Expressed in US dollars)

	Three month period ended November 30,		Six month period ended November 30,	
	2018 **$**	2017 $	**2018** **$**	2017 $
Revenue	**16,464**	-	**35,597**	-
Cost of sales	**(14,604)**	-	**(28,478)**	-
	1,860	-	**7,119**	-
General and administration expenses				
Administrative fees (Note 6)	**235**	30,720	**466**	68,122
Corporate development	**676,068**	-	**794,850**	-
Consulting fees (Note 6)	**169,912**	5,505	**285,778**	13,763
Filing fees and regulatory fees	**7,249**	3,060	**10,164**	4,543
Office	**28,767**	(7,135)	**105,991**	(6,931)
Professional fees	**11,571**	20,742	**52,565**	20,742
Rent	**12,938**	3,455	**22,070**	7,048
Share-based compensation (Note 5, 6)	**110,792**	-	**323,203**	-
Travel	**6,067**	-	**13,413**	-
	(1,023,599)	(56,347)	**(1,608,500)**	(107,287)
Other items				
Foreign exchange loss	**(55,960)**	-	**(68,563)**	-
Gain on settlement of debt (Note 5)	**-**	144,750	**-**	133,018
Income (loss) and comprehensive income (loss)	**(1,077,699)**	88,403	**(1,669,944)**	25,731
Gain (loss) per share, basic and diluted	**(0.02)**	0.02	**(0.03)**	0.01
Weighted average number of shares outstanding - basic and diluted	**54,809,283**	5,813,710	**52,399,914**	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' Equity (Unaudited)
For the six months ended November 30, 2018 and 2017
(Expressed in US dollars)

	Number of Shares	Share Capital	Number of Special Warrants	Special Warrants	Obligation to issue shares	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 5)	1,000,000	59,185	-	-	-	-	-	59,185
Share subscription receipts	-	-	-	-	1,761,863	-	-	1,761,863
Share issuance costs	-	-	-	-	(67,244)	-	-	(67,244)
Special warrants issued (Note 5)	-	-	2,377,505	148,845	-	-	-	148,845
Income for the period	-	-	-	-	-	-	25,731	25,731
Balance, November 30, 2017	5,813,707	2,276,341	15,776,838	918,024	1,694,619	162,177	(3,533,255)	1,517,906
Balance, May 31, 2018	49,990,545	7,609,618	-	-	-	247,416	(7,575,514)	281,520
Return of share capital (Note 5)	-	(29,250)	-	-	-	-	-	(29,250)
Private placement	7,645,282	1,547,643	-	-	-	-	-	1,547,643
Shares issued for warrants exercised	774,333	53,912	-	-	-	-	-	53,912
Share-based compensation (Note 5)	-	-	-	-	-	323,203	-	323,203
Loss for the period	-	-	-	-	-	-	(1,669,944)	(1,669,944)
Balance, November 30, 2018	**58,410,160**	**9,181,923**	**-**	**-**	**-**	**570,619**	**(9,245,458)**	**507,084**

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 six months ended November 30, 2018 and 2017
(Expressed in US dollars)

	2018	2017
Cash flows used in operating activities	$	$
Income (loss) for the period	**(1,669,944)**	25,731
Item not affecting cash:		
Share-based payment	**323,203**	-
Changes in non-cash working capital items:		
Accounts receivable	**(11,436)**	(9,106)
Prepaid expense	**18,092**	-
Inventory	**(21,033)**	-
Provision for indemnity	**560**	(23,865)
Accounts payable and accrued liabilities	**(2,425)**	(56,543)
Short-term loan	**(270)**	633
Net cash flows used in operating activities	**(1,363,253)**	(63,150)
Cash flows used in investing activties		
Deposit on acqusition of subsidiary	**-**	(58,194)
Net cash flows used in investing activities	**-**	(58,194)
Cash flows from financing activities		
Shares issued from private placement	**1,547,643**	59,185
Issuance of special warrants	**-**	148,845
Obligation to issue shares	**-**	1,694,619
Shares issued from warrant exercise	**53,912**	-
Return of share capital	**(29,250)**	-
Due to related parties	**(3,441)**	(57,406)
Net cash flows from financing activities	**1,568,864**	1,845,243
Net increase in cash	**205,611**	1,723,899
Cash, beginning of the period	**852,436**	1,721
Cash, ending of the period	**1,058,047**	1,725,620

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)*. 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 9)

The corporate and registered and records offices of the Company are located at 810 - 789 West Pender Street, Vancouver, British Columbia, V6C 2V6. The Company's common shares are listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "KBEV" and the United States OTC stock market', under the symbol "KBEVF".

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 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 1.2888 per USD and at November 30, 2017 which was CAD 1.2536 per USD;
- Income, expenses and cash flows using the average rate for the six months ended November 30, 2017 which was CAD 1.2715per 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.

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

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended May 31, 2018, with exception to the new accounting policies adopted by the Company discussed below.

The preparation of condensed interim consolidated financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed interim financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Changes in accounting standards

<u>Several amendments to existing accounting standards became effective January 1, 2018 and were first adopted by the Company in the six-month period ended November 30, 2018:</u>

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. As the Company does not have revenue contracts with customers as of November 30, 2018, this change had no impact on the financial statements.

IFRS 9 Financial Instruments

A finalized version of *IFRS 9 Financial Instruments* replaces *IAS 39 Financial Instruments: Recognition and Measurement*. The standard contains requirements for classification and measurement of financial assets and liabilities; impairment of financial assets; hedge accounting; and derecognition of financial assets and liabilities carried forward from *IAS 39*. This change had no impact on the financial statements.

Accounting standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the November 30, 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.

Expressed in US Dollars, unless otherwise stated

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

3. ACCOUNTS RECEIVABLE

	November 30, 2018	May 31, 2018
	$	$
GST receivable	13,298	6,944
Accounts receivable	5,082	-
	18,380	6,944

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	November 30, 2018	May 31, 2018
	$	$
Accounts payable	293,349	253,681
Accrued liabilities	47,037	89,130
	340,386	342,811

5. SHARE CAPITAL

Authorized - unlimited number of common shares without par value.

Share issuances

On October 11, 2018, the Company completed a non-brokered private placement consisting of 7,645,282 units ("Units") at a price of USD $0.202 (C$0.265) for gross proceeds of $1,547,643 (C$2,026,000). Each Unit was comprised of one common share and one common share purchase warrant; each warrant will be exercisable by the holder to purchase one additional common share per warrant at an exercise price of USD $0.267 (C$0.35) for a three-year period.

During the period ended November 30, 2018, the Company issued 774,333 common shares pursuant to warrant exercises for gross proceeds of $53,912 (C$70,575).

Expressed in US Dollars, unless otherwise stated

5. SHARE CAPITAL (Cont'd…)

During the six-month period ended November 30, 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 former 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:

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.

Expressed in US Dollars, unless otherwise stated

5. SHARE CAPITAL (cont'd…)

Special warrants (cont'd…)

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 former 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%

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 period ended November 30, 2018:

62,500 of stock options were cancelled during the six months ended November 30, 2018.

On November 28, 18, the Company granted 300,000 stock options to a consultant at an exercise price of C$0.37 per common share for a period of 2 years. The Company recognized $72,102 in the consolidated statements for loss and comprehensive loss for the value of the options using Black Scholes option pricing method.

Expressed in US Dollars, unless otherwise stated

5. SHARE CAPITAL (cont'd…)

Stock Options (cont'd…)

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

Weighted average assumptions	November 30, 2018
Risk free interest rate	2.21%
Volatility	202%
Expected life of warrants	2 years
Dividend rate	0%
Liquidity discount	0%

During the six months ended November 30, 2018, the Company recognized $251,101 (2017 - $Nil) of share-based compensation for the options vested during the period.

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 C$
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
Granted	300,000	0.37
Cancelled	(62,500)	(0.70)
Balance at November 30, 2018	1,850,000	0.23

Expressed in US Dollars, unless otherwise stated

5. SHARE CAPITAL (cont'd…)

Stock options (cont'd…)

Information regarding stock options outstanding as at November 30, 2018 is as follows:

Number of options outstanding	Number of options exercisable	Exercise price		Expiry date	Weighted Average Remaining Life (years)
50,000	50,000	C$	0.38	May 15, 2021	2.46
1,500,000	900,000	C$	0.20	April 30, 2020	1.42
300,000	300,000	C$	0.37	November 29, 2021	2.00
1,850,000	1,250,000				1.54

Share purchase warrants

The following table summarizes warrant activity:

	Number of warrants	Weighted average price C$
Balance at May 31, 2016	1,596,744	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
Issued	7,645,282	0.35
Exercised	(774,333)	(0.09)
Balance at November 30, 2018	23,647,787	0.17

Information regarding share purchase warrants outstanding at November 30, 2018 is as follows:

Number of warrants outstanding and exercisable	Exercise price C$	Expiry date	Weighted Average Remaining Life (years)
500,000	0.10	July 19, 2019	0.63
13,125,000	0.075	April 25, 2020	1.40
2,377,505	0.10	April 25, 2020	1.40
7,645,282	0.35	October 11, 2021	2.87
23,647,787			1.86

During the six-month period ended November 30, 2018, 500,000 share purchase warrants with an exercise price of C$0.10 and 274,333 share purchase warrants with an exercise price of C$0.075 were exercised for gross proceeds of $53,912 (C$70,575).

6. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the six months ended November 30, 2018:

a) As at November 30, 2018 , $138,945 (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.

b) During the six months ended November 30, 2018, the Company paid $228,815 (2017 - $Nil) share-based compensation to directors and officers.

c) During the six-month period ended November 30, 2018, the CEO of the Company repaid expenses on behalf of the Company and has an outstanding balance payable of $39,000 (May 31, 2018 - $47,381).

d) $27,909 (2017 - $Nil) of consulting fees were accrued/paid to a company controlled by the former CFO of the Company and has an outstanding balance of $3,980(2017 - $Nil).

e) $65,250 (2017 - $Nil) of consulting fees were paid to the CEO of the Company.

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

7. 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 receivables from an on-going customer. The credit risk is considered low.

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 operations, 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 fund its beverage operations, although the Company has been successful in the past in financing its activities through the sale of equity securities.

7. FINANCIAL INSTRUMENTS

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and operational success. 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.

8. 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.

Expressed in US Dollars, unless otherwise stated

9. 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 5)

10. 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.