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

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED
FEBRUARY 28, 2019 AND 2018
(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)

AS AT	Note	**February 28, 2019**	May 31, 2018
		$	$
ASSETS			
Cash		**606,509**	852,436
Accounts receivable	3	**27,388**	6,944
Inventory	4	**407,204**	-
Prepaid expenses		**20,837**	64,520
Total assets		**1,061,938**	923,900
LIABILITIES			
Provision for indemnity	9	**24,466**	23,865
Accounts payable and accrued liabilities	5	**455,153**	342,811
Short-term loan		**146,095**	151,241
Due to related parties	7	**50,391**	124,463
		676,105	642,380
SHAREHOLDERS' EQUITY			
Share capital	6	**9,322,820**	7,609,618
Reserves	6	**659,264**	247,416
Deficit		**(9,596,251)**	(7,575,514)
		385,833	281,520
Total liabilities and shareholders' equity		**1,061,938**	923,900

Approved and authorized for issue by the board of directors on April 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 nine months ended February 28, 2019 and 2018
(Expressed in US dollars)

	Three month period ended February 28,		Nine month period ended February 28,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Revenue	**20,185**	**-**	**55,782**	-
Cost of sales	**(10,570)**	**-**	**(39,048)**	**-**
	9,615	**-**	**16,734**	**-**
General and administration expenses				
Administrative fees	**399**	30,190	**865**	98,536
Corporate development	**106,928**	-	**901,778**	-
Consulting fees (Note 7)	**95,631**	29,589	**381,409**	43,397
Filing fees and regulatory fees	**1,168**	11,411	**11,332**	15,713
Office	**70,914**	14,925	**176,905**	7,973
Professional fees	**(56,966)**	10,871	**(4,401)**	40,151
Rent	**9,330**	3,098	**31,400**	12,888
Share-based compensation (Note 6)	**190,673**	-	**513,876**	-
Travel	**9,263**	-	**22,676**	-
	(427,340)	(100,084)	**(2,035,840)**	(207,468)
Other items				
Gain on disposition of mineral properties	**-**	39,452	**-**	39,452
Foreign exchange gain (loss)	**(37,050)**	619	**(49,653)**	73,413
Gain (loss) on settlement of debt	**-**	(174)	**-**	133,280
	(37,050)	39,897	**(49,653)**	246,145
Income (loss) and comprehensive income (loss)	**(454,775)**	(60,187)	**(2,068,759)**	38,677
Gain (loss) per share, basic and diluted	**(0.01)**	(0.01)	**(0.04)**	0.00
Weighted average number of shares outstanding - basic and diluted	**58,660,160**	5,813,710	**54,469,996**	5,813,710

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 nine months ended February 28, 2019 and 2018
(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 6)	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 6)	-	-	2,377,505	148,845	-	-	-	148,845
Income for the period	-	-	-	-	-	-	38,677	38,677
Balance, February 28, 2018	5,813,707	2,276,341	15,776,838	918,024	1,694,619	162,177	(3,520,309)	1,530,631
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)
Private placement	7,645,282	1,547,643	-	-	-	-	-	1,547,643
Shares issued for warrants exercised	1,024,333	72,906	-	-	-	-	-	72,906
Shares issued for options exercised	366,667	121,903	-	-	-	(54,006)	-	67,897
Cancelled options	-	-	-	-	-	(48,022)	48,022	-
Share-based compensation (Note 6)	-	-	-	-	-	513,876	-	513,876
Loss for the period	-	-	-	-	-	-	(2,068,759)	(2,068,759)
Balance, February 28, 2019	**59,026,827**	**9,322,820**	**-**	**-**	**-**	**659,264**	**(9,596,251)**	**385,833**

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 nine months ended February 28, 2019 and 2018
(Expressed in US dollars)

	2018	2017
Cash flows used in operating activities	$	$
Income (loss) for the period	**(2,068,759)**	38,677
Item not affecting cash:		
Share-based payment	**513,876**	-
Changes in non-cash working capital items:		
Accounts receivable	**(20,444)**	(8,852)
Prepaid expense	**43,683**	-
Inventory	**(407,204)**	-
Provision for indemnity	**601**	(23,865)
Accounts payable and accrued liabilities	**45,564**	(54,627)
Short-term loan	**(5,146)**	720
Net cash flows used in operating activities	**(1,897,829)**	(47,947)
Cash flows used in investing activties		
Deposit on acqusition of subsidiary	**-**	(96,429)
Net cash flows used in investing activities	**-**	(96,429)
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 exercised	**72,906**	-
Shares issued from option exercised	**67,897**	-
Return of share capital	**(29,250)**	-
Due to related parties	**(7,294)**	(57,923)
Net cash flows from financing activities	**1,651,902**	1,844,726
Net increase (Decrease) in cash	**(245,927)**	1,700,350
Cash, beginning of the period	**852,436**	1,721
Cash, ending of the period	**606,509**	1,702,071

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 10)

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 on 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 short-term losses are anticipated. The Company's ability to continue as a going concern and meet its corporate objectives may 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

Several amendments to existing accounting standards became effective January 1, 2018 and were first adopted by the Company in the nine-month period ended February 28, 2019:

Accounting policies effective after June 1, 2018

Financial instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments on June 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking "expected loss" impairment model.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

Classification
The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive loss ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity

instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive loss on June 1, 2018.

Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive loss.

Financial assets through other comprehensive income ("FVTOCI")

Financial assets that meet the following conditions are measured at FVTOCI:
- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company does not currently hold any financial instruments designated as FVTOCI.

Equity instruments designated as FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument, instead, it is transferred to retained earnings. The Company does not currently hold any equity instruments designated as FVTOCI.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting policies effective after January 1, 2018 (Continued)

Financial instruments (Continued)

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss and comprehensive loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of loss and comprehensive loss.

IFRS 15, Revenue from Contracts with Customers

The Company adopted IFRS 15 – Revenue from contracts with customers on June 1, 2018 in accordance with the transitional provisions of the standard. IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations. IFRS15 is effective for reporting periods beginning on or after January 1, 2018 with early application permitted.

Since the Company has limited revenues from contracts with customers, there was no material impact on the Company’s financial statements upon adoption of this standard.

Expressed in US Dollars, unless otherwise stated

Accounting standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the February 28, 2019 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.

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

	February 28, 2019	May 31, 2018
	$	$
GST receivable	15,605	6,944
Accounts receivable	11,783	-
	27,388	6,944

4. INVENTORY

	February 28, 2019	May 31, 2018
	$	$
Raw material	316,213	-
Work in progress or finished goods	90,991	-
	407,204	-

Included in work in progress or finished goods is inventory of $90,991 on consignment with a retailer.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	February 28, 2019	May 31, 2018
	$	$
Accounts payable	376,984	253,681
Accrued liabilities (note 7)	11,391	89,130
	388,375	342,811

6. 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 February 28, 2019, the Company issued 1,024,333 common shares pursuant to warrant exercises for gross proceeds of $72,906 (C$86,667).

During the period ended February 28, 2019, the Company issued 366,667 common shares pursuant to option exercises for gross proceeds of $67,897 (C$86,667). The Company reclassified $54,006 from reserve to share capital.

During the nine-month period ended February 28, 2019, the Company returned $29,250 to its subscribers.

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.

Share subscription receipts

In relation with the acquisition of Koios (Note 10), the Company issued 11,900,000 Share Subscription Receipts at a price of 0.15 (C$0.20) per subscription receipt for gross proceeds of $1,761,863. The Company paid or accrued share issuance cost of $67,244. The gross proceeds were deposited in trust with Clark Wilson LLP (the "Escrow Agent") pursuant to an escrow agreement (the "Escrow Agreement") dated November 29, 2017 between the Company and the Escrow Agent.

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:

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%

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 February 28, 2019:

262,500 of stock options were cancelled during the nine months ended December 31, 2018. The Company reclassified $48,022 from reserve to deficit.

On November 28, 2018, the Company granted 300,000 stock options with an exercise price of C$0.37 per share expiring on November 28, 2020. The fair value of the stock options was estimated to be $71,711 using the Black-Scholes pricing model with the following assumptions: term of 2 years; expected volatility of 202%; risk-free rate of 2.21%; and expected dividends of zero. As at February 28, 2019, the number of exercisable options was 300,000.

On February 20, 2019, the Company granted 1,000,000 stock options with an exercise price of C$0.30 per share expiring on February 20, 2021. The options vest 100% on June 20, 2019. The fair value of the stock options was estimated to be $9,215 using the Black-Scholes pricing model with the following assumptions: term of 2 years; expected volatility of 138%; risk-free rate of 1.77%; and expected dividends of zero. As at February 28, 2019, the number of exercisable options was nil.

On February 22, 2019, the Company granted 1,500,000 stock options with an exercise price of C$0.28 per share expiring on February 21, 2021. The options vest 33% immediately and 33% thereafter every 6 months from the date of grant. The fair value of the stock options was estimated to be $75,034 using the Black-Scholes pricing model with the following assumptions: term of 2 years; expected volatility of 138%; risk-free rate of 1.78%; and expected dividends of zero. As at February 28, 2019, the number of exercisable options was 333,333.

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. During the nine months ended February 28, 2019, the Company recognized $357,916 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.

Expressed in US Dollars, unless otherwise stated

6. SHARE CAPITAL (cont'd…)

Stock options (cont'd…)

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. During the nine months ended February 28, 2019, the Company recognized $nil in the consolidated statements for loss and comprehensive loss for the value of the options using Black Scholes option pricing method with the following assumptions: term of 2 years; expected volatility of 239%; risk-free rate of 1.88%; and expected dividends of zero.

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	2,800,000	0.30
Exercised	(366,667)	(0.24)
Cancelled	(262,500)	(0.32)
Balance at February 28, 2019	3,783,333	0.27

Information regarding stock options outstanding as at February 28, 2019 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	2.21
1,100,000	420,000	C$	0.20	April 30, 2020	1.17
300,000	300,000	C$	0.37	November 29, 2020	1.75
1,000,000	-	C$	0.30	February 19, 2021	1.98
1,333,333	333,332	C$	0.28	February 21, 2021	1.98
3,783,333	1,103,332				1.52

Share purchase warrants

The following table summarizes warrant activity:

	Number of warrants	Weighted average price C$
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	(1,024,333)	(0.09)
Balance at February 28, 2019	23,397,787	0.17

Expressed in US Dollars, unless otherwise stated

6. SHARE CAPITAL (cont'd…)

Share purchase warrants (cont'd)

Information regarding share purchase warrants outstanding at February 28, 2019 is as follows:

Number of warrants outstanding and exercisable	Exercise price C$	Expiry date	Weighted Average Remaining Life (years)
250,000	0.10	July 19, 2019	0.39
13,125,000	0.075	April 25, 2020	1.16
2,377,505	0.10	April 25, 2020	1.16
7,645,282	0.35	October 11, 2021	2.62
23,397,787			1.63

During the nine-month period ended February 28, 2019, 750,000 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 $72,906 (C$86,667).

7. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the nine months ended February 28, 2019:

	Nine month ended February 28, 2019	Nine month ended February 28, 2018
Consulting fees paid or accrued to the CEO	95,250	-
Consulting fees paid or accrued to the CFO	11,391	-
Consulting fees paid or accrued to the former CFO	13,296	-
Share based compensation paid to directors and officers	239,063	-
	359,000	-

As at February 28, 2019, $50,391 (May 31, 2018 – 136,567) is owed to companies owned by directors and officers of the Company. As at February 28, 2019, $3,980 (May 31, 2018 - $Nil) is owed to the former CFO. 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 receivables from an on-going customer. The credit risk is considered low.

8. FINANCIAL INSTRUMENTS (CONTINUED)

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.

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.

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.

Expressed in US Dollars, unless otherwise stated

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.

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. SUBSEQUENT EVENTS

On March 20, 2019, the Company completed a non-brokered private placement consisting of 16,666,664 units (“Units”) at a price of $0.23 (C$0.30) for gross proceeds of $3,846,154 (C$5,000,000). Each Unit was comprised of one common share and one-half share purchase warrant; each whole warrant will be exercisable by the holder to purchase one additional common share per warrant at an exercise price of USD $0.39 (C$0.50) for a one-year period.

Subsequent to period end, the Company issued 425,000 common shares pursuant to warrant exercises for gross proceeds of $114,423 (C$148,750).