

**KOIOS BEVERAGE CORP.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**MAY 31, 2019 AND 2018**  
**(AUDITED)**

*(Expressed in US Dollars)*



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Koios Beverage Corp.

### Opinion

We have audited the consolidated financial statements of Koios Beverage Corp. (the "Company"), which comprise the consolidated statements of financial position as at May 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred a net loss and comprehensive loss of \$3,237,882 during the year ended May 31, 2019 and has an accumulated deficit of \$10,650,850 as at May 31, 2019. As stated in Note 1, these conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Otto Ehinger.

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**DALE MATHESON CARR-HILTON LABONTE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Vancouver, British Columbia  
September 30, 2019

**KOIOS BEVERAGE CORP.**  
**Consolidated Statements of Financial Position**  
**(Expressed in US dollars)**

As At	May 31, 2019	May 31, 2018
	\$	\$
<b>ASSETS</b>		
Cash	3,007,394	852,436
Accounts receivable (Note 3)	37,142	6,944
Inventory (Note 4)	365,383	-
Prepaid expenses (Note 5)	297,956	64,520
	<b>3,707,875</b>	923,900
<b>NON-CURRENT ASSETS</b>		
Vehicle (Note 6)	16,426	-
Total assets	<b>3,724,301</b>	923,900
<b>LIABILITIES</b>		
Provision for indemnity (Note 12)	23,818	23,865
Accounts payable and accrued liabilities (Notes 7 and 10)	342,885	342,811
Short-term loans (Note 8)	140,203	151,241
Due to related parties (Note 10)	41,378	124,463
	<b>548,284</b>	643,380
<b>NON-CURRENT LIABILITIES</b>		
Vehicle loan	15,403	-
	<b>563,687</b>	642,380
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 9)	13,037,694	7,609,618
Reserves	885,423	247,416
Accumulated other comprehensive income	(111,653)	-
Deficit	(10,650,850)	(7,575,514)
	<b>3,160,614</b>	281,520
Total liabilities and shareholders' equity	<b>3,724,301</b>	923,900

Approved and authorized for issue by the board of directors on September 30, 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 consolidated financial statements.

# KOIOS BEVERAGE CORP.

## Consolidated Statements of Loss and Comprehensive Loss

For the years ended May 31, 2019 and 2018

(Expressed in US dollars)

	May 31, 2019	May 31, 2018
For the year ended	\$	\$
Product revenue	242,440	43
Cost of sales	(216,945)	(9,206)
	25,495	(9,163)
<b>General and administration expenses</b>		
Administrative fees	-	102,126
Corporate development	1,393,852	480,051
Shipping	62,616	-
Consulting fees (Note 10)	617,111	230,306
Depreciation (Note 6)	2,546	-
Filing fees and regulatory fees	20,162	25,876
Office	368,779	28,654
Professional fees	66,759	115,474
Rent	30,805	2,500
Share-based compensation (Notes 9 and 10)	627,905	85,239
Travel	49,364	3,525
	(3,239,899)	(1,073,751)
<b>Other items</b>		
Gain on disposition of mineral properties	-	39,315
Gain on adjustment of accounts payable and accrued liabilities	64,520	113,141
Listing expense (Note 13)	-	(3,028,568)
Foreign exchange gain/ (loss)	23,655	(45,772)
Loss on settlement of debt (Note 9)	-	(11,730)
	88,175	(2,933,614)
Loss for the year	(3,126,229)	(4,016,528)
<b>Other comprehensive loss</b>		
Exchange differences related to presentation currency	(111,653)	-
Loss and comprehensive loss for the year	(3,237,882)	(4,016,528)
Loss per share, basic and diluted	(0.16)	(0.37)
Weighted average number of shares outstanding - basic and diluted	19,720,775	10,754,774

The accompanying notes are an integral part of these consolidated financial statements.

# KOIOS BEVERAGE CORP.

## Consolidated Statements of Changes in Shareholders' Equity

For the years ended May 31, 2019 and 2018

(Expressed in US dollars)

	Number of Shares	Share Capital	Number of Special Warrants	Special Warrants	Reserves	Deficit	Accumulated Other Comprehensive Loss	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 9)	1,000,000	59,185	-	-	-	-	-	59,185
Acquisition of subsidiary (Note 9)	15,000,000	2,381,400	-	-	-	-	-	2,381,400
Finder's shares – acquisition (Note 9)	1,500,000	238,140	-	-	-	-	-	238,140
Share subscription receipts (Note 9)	11,900,000	1,889,244	-	-	-	-	-	1,889,244
Share issuance costs (Note 9)	-	(93,531)	-	-	-	-	-	(93,531)
Special warrants issued (Note 9)	-	-	2,377,505	148,845	-	-	-	148,848
Special warrants conversion (Note 9 and 13)	15,776,838	918,024	(15,776,838)	(918,024)	-	-	-	-
Share-based compensation (Note 9)	-	-	-	-	85,239	-	-	85,239
Loss for the year	-	-	-	-	-	(4,016,528)	-	(4,016,528)
<b>Balance, May 31, 2018</b>	<b>49,990,545</b>	<b>7,609,618</b>	<b>-</b>	<b>-</b>	<b>247,416</b>	<b>(7,575,514)</b>	<b>-</b>	<b>281,520</b>
Private placement (Note 9)	24,311,946	5,308,518	-	-	-	-	-	5,308,518
Share issuance costs (Note 9)	-	(253,645)	-	-	135,412	-	-	(118,233)
Shares issued for warrants exercised (Note 9)	1,638,012	232,975	-	-	-	-	-	232,975
Shares issued for options exercised (Note 9)	366,667	140,228	-	-	(74,417)	-	-	65,811
Cancelled options (Note 9)	-	-	-	-	(50,893)	50,893	-	-
Share-based compensation (Note 9)	-	-	-	-	627,905	-	-	627,905
Other comprehensive loss	-	-	-	-	-	-	(111,653)	(111,653)
Loss for the year	-	-	-	-	-	(3,126,229)	-	(3,126,229)
<b>Balance, May 31, 2019</b>	<b>76,307,170</b>	<b>13,037,694</b>	<b>-</b>	<b>-</b>	<b>885,423</b>	<b>(10,650,850)</b>	<b>(111,653)</b>	<b>3,160,614</b>

The accompanying notes are an integral part of these consolidated financial statements.

**KOIOS BEVERAGE CORP.**  
**Consolidated Statements of Cash Flows**  
**For the years ended May 31, 2019 and 2018**  
**(Expressed in US dollars)**

For the year ended	May 31, 2019	May 31, 2018
<b>Cash flows used in operating activities</b>	\$	\$
Loss for the year	(3,126,229)	(4,016,528)
Item not affecting cash:		
Amortization	2,546	
Share-based payment	627,905	85,239
Loss on acquisition of subsidiary	-	3,028,568
Accrual on loan interest	-	1,000
Loss on settlement of debt	-	11,730
Gain on extinguishment of accounts payable and accrued liabilities	-	(113,141)
Changes in non-cash working capital items:		
Accounts receivable	(30,198)	(6,944)
Prepaid expense	(233,436)	(64,421)
Inventory	(365,383)	-
Accounts payable and accrued liabilities	74	97,291
<b>Net cash flows used in operating activities</b>	<b>(3,124,721)</b>	<b>(977,206)</b>
<b>Cash flows used in investing activities</b>		
acquisition of vehicle	(18,972)	-
<b>Net cash flows used in investing activities</b>	<b>(18,972)</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Shares issued from private placement, net of share issuance costs	5,190,285	1,854,898
Cash received from acquisition of subsidiary	-	9,238
Shares issued from warrant exercised	232,975	-
Shares issued from option exercised	65,811	-
Vehicle loan received	18,972	-
Loan repayment	(13,569)	-
Due to related parties	(83,085)	(36,215)
<b>Net cash flows from financing activities</b>	<b>5,411,389</b>	<b>1,827,921</b>
<b>Effect of foreign exchange</b>	<b>(112,738)</b>	
<b>Net increase in cash</b>	<b>2,267,696</b>	<b>850,715</b>
Cash, beginning of the year	852,436	1,721
<b>Cash, ending of the year</b>	<b>3,007,394</b>	<b>852,436</b>

The accompanying notes are an integral part of these consolidated financial statements.

**KOIOS BEVERAGE CORP.**  
**Notes to the Consolidated Financial Statements**  
**For the years ended May 31, 2019 and 2018**  
**Expressed in US Dollars, unless otherwise stated**

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Koios Beverage 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, which is in the business of producing, marketing and selling functional beverages. As a result of the transaction, 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 (Note 13).

The corporate 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Issues Committee (“IFRIC”). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

**b) Basis of measurement**

These 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 consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The presentation currency of these consolidated financial statements is the US dollar. Certain comparative figures have been reclassified to conform to the current year’s presentation.

**c) Going concern**

These financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. During the year ended May 31, 2019, the Company incurred a net comprehensive loss of \$3,237,882 and had an accumulated deficit of \$10,650,850 as at May 31, 2019. The Company anticipates that further losses will be incurred. 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 available on terms advantageous to the Company. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern. These 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.

**d) Basis of consolidation**

These 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.



**KOIOS BEVERAGE CORP.**  
**Notes to the Consolidated Financial Statements**  
**For the years ended May 31, 2019 and 2018**  
**Expressed in US Dollars, unless otherwise stated**

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**2. SIGNIFICANT ACCOUNTING POLICIES**

**a) Significant accounting judgments and estimates**

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenue and expenses during the reporting periods. Such estimates relate primarily to unsettled transactions and events as of the date of the consolidated financial statements. Actual results could differ materially from those reported.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the consolidated statement of financial position date, that could result in material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- The provision of deferred tax is based on judgments in applying income tax laws and estimates on timing, likelihood and reversal of temporary differences between the accounting and tax basis of the assets and liabilities;
- The estimated value of the Company's provision of the indemnity to shareholders; and
- The valuation of the Company's securities issued to settle amounts payable;
- The valuation and measurement of stock based compensation;
- The determination of whether the Company will continue as a going concern.

**b) Foreign currency**

The Company's functional currency is the Canadian dollar. The functional currency of its subsidiaries is as follows:

<u>Subsidiary Name</u>	<u>Functional Currency</u>
• Koios Inc.	US Dollar
• Cannavated Beverage Co. (BC)	Canadian Dollar
• Cannavated Beverage Corp. (Nevada)	US Dollar

The functional currency of these financial statements is the US Dollar. Monetary assets and liabilities denominated in currencies other than the US dollar are translated into US dollars at the rates of exchange prevailing at the reporting date. Non-monetary assets and liabilities are translated at the rates of exchange prevailing at the reporting date. Revenues and expenses are translated at average rates throughout the reporting period. All differences are taken to other comprehensive loss.

**c) Cash and Cash Equivalents**

Cash and cash equivalents include cash at banks and on hand, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

**d) Valuation of equity units issued in private placements**

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

**KOIOS BEVERAGE CORP.**  
**Notes to the Consolidated Financial Statements**  
**For the years ended May 31, 2019 and 2018**  
**Expressed in US Dollars, unless otherwise stated**

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**d) Valuation of equity units issued in private placements (continued)**

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

**e) Stock-based compensation**

The fair value of stock options granted is measured at grant date using the Black-Scholes option pricing model. Where options are granted to consultants for goods or services rendered, the options are measured at the fair value of the goods or services received by the Company. If the fair value of the goods and services received cannot be reliably measured, the fair value of the stock options granted is used instead. At each reporting date, prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are expected to ultimately vest is computed. The movement in cumulative expense is recognized in the statement of loss and comprehensive loss with a corresponding entry within equity, against reserves. No expense is recognized for awards that do not ultimately vest. When options are exercised, the proceeds received, together with any related amount in reserves, are credited to share capital.

**f) Special warrants**

Special warrants are convertible into common shares and share purchase warrants of the Company. The Company measures the fair value of the special warrants by its components: the fair value of the common shares are valued at the closing price of the Company's shares on the special warrant issuance date; the fair value of the share purchase warrants are determined by using the Black-Scholes option pricing model on the special warrant issuance date.

**g) Loss per share**

Basic earnings (loss) per share is computed by dividing the net income (loss) for the year by the weighted average number of common shares outstanding during the year. To compute diluted earnings (loss) per share, adjustments are made to common shares outstanding. The weighted average number of common shares outstanding is adjusted to include the number of additional common shares that would be outstanding if, at the beginning of the year or at time of issuance, if later, all options and warrants were exercised. The proceeds from exercise would be used to purchase the Company's common shares at their average market price during the year. If this computation is anti-dilutive, diluted loss per share is the same as basic loss per share.

**h) Income taxes**

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

**KOIOS BEVERAGE CORP.**  
**Notes to the Consolidated Financial Statements**  
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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**h) Income taxes (continued)**

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it is probable that a future tax asset will be recovered, it does not recognize the asset.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**i) Inventory**

Inventory is valued at the lower of cost and net realizable value. The cost of inventory is calculated using the weighted average method and comprises all costs of purchase necessary to bring the goods to sale. Net realizable value represents the estimated selling price for products sold in the ordinary course of business less the estimated costs necessary to make the sale. Management uses the most reliable evidence available in determining the net realizable value of inventories. Actual selling prices may differ from estimates, based on market conditions at the time of sale. Allowances are made against obsolete or damaged inventory and charged to cost of sales. The reversal of any write-down of inventory arising from increase in the net realizable value is recognized as a reduction of cost of sales in the period in which the reversal occurred.

**j) 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.

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

<b>Financial assets/liabilities</b>	<b>Original classification IAS 39</b>	<b>New classification IFRS 9</b>
Cash	FVTPL	FVTPL
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Short term loans	Other financial liabilities	Amortized cost

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.

**KOIOS BEVERAGE CORP.**  
**Notes to the Consolidated Financial Statements**  
**For the years ended May 31, 2019 and 2018**  
**Expressed in US Dollars, unless otherwise stated**

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**j) Financial instruments (continued)**

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.

*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.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**j) Financial instruments (Continued)**

*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.

**k) IFRS 15, Revenue from Contracts with Customers**

The Company adopted IFRS 15 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. IFRS 15 is effective for reporting periods beginning on or after January 1, 2018 with early application permitted.

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

Product revenue is recognised once ownership of the products has transferred to the buyer, the amount of revenue is known and collection is reasonably assured. Consignment inventory sales are only recognised as revenue once the third party has sold the inventory and there are no obligation on the Company to take the product back.

**l) Accounting standards issued but not yet effective**

Certain new accounting standards and interpretations have been published that are not mandatory for the May 31, 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.

*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. As the Company does not have any leases, the impact of adopting IFRS 16 will be \$nil.

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 consolidated financial statements.

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**3. ACCOUNTS RECEIVABLE**

	May 31, 2019	May 31, 2018
	\$	\$
GST receivable	19,545	6,944
Accounts receivable - trade	17,597	-
	<b>37,142</b>	6,944

**4. INVENTORY**

	May 31, 2019	May 31, 2018
	\$	\$
Raw material	108,987	-
Finished goods	256,396	-
	<b>365,383</b>	-

Included in finished goods is inventory of \$245,534 (2018 - \$nil), on consignment with a retailer.

**5. PREPAID EXPENSES**

	May 31, 2019	May 31, 2018
	\$	\$
Inventory costs	51,841	-
Professional services	246,115	64,520
	<b>297,956</b>	64,520

**6. VEHICLE**

	Vehicle	Total
	\$	\$
Cost:		
Balance, May 31, 2018	-	-
Additions	18,972	18,972
<b>Balance, May 31, 2019</b>	<b>18,972</b>	<b>18,972</b>
Accumulated amortization:		
Balance, May 31, 2018	-	-
Charge for the year	2,546	2,546
<b>Balance, May 31, 2019</b>	<b>2,546</b>	<b>2,546</b>
Net book value:		
Balance, May 31, 2018	-	-
<b>Balance, May 31, 2019</b>	<b>16,426</b>	<b>16,426</b>

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**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	May 31, 2019	May 31, 2018
	\$	\$
Accounts payable	299,597	253,681
Accrued liabilities	43,288	89,130
	<b>342,885</b>	<b>342,811</b>

**8. SHORT TERM LOANS**

	May 31, 2019	May 31, 2018
	\$	\$
Loans owed to former related party	14,046	14,674
Loan owed to contracted consultant	126,157	136,567
	<b>140,203</b>	<b>151,241</b>

The loans owned are non-interest-bearing, due on demand and not collateralized.

**9. SHARE CAPITAL**

Authorized - unlimited number of common shares without par value.

**Share issuances**

**For the year ended May 31, 2019:**

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 \$1,553,919 (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.

On March 20, 2019, the Company completed a non-brokered private placement consisting of 16,666,664 units (“Units”) at a price of USD \$0.226 (C\$0.30) for gross proceeds of \$3,754,599 (C\$5,000,000). Each Unit was comprised of one common share and one half a 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 \$0.38 (C\$0.50) for a one year period. The Company issued 524,836 finder warrants with a fair value of \$135,412 (C\$180,329). The finders’ warrants were valued using the Black-Scholes Option Pricing Model with the following assumptions: stock price - C\$0.52; exercise price - C\$0.50; expected life – 1 year; volatility – 187%; dividend yield - \$0; and risk-free rate – 1.61%. In addition the Company also paid a cash finder’s fee of \$118,233 (C\$154,451).

During the year ended May 30, 2019, the Company issued 1,638,012 common shares pursuant to warrant exercises for gross proceeds of \$232,975 (C\$310,363).

During the year ended May 30, 2019, the Company issued 366,667 common shares pursuant to option exercises for gross proceeds of \$65,811 (C\$86,667). The Company reclassified \$74,417 from reserve to share capital.

During the year ended May 30, 2019, the 200,000 stock options were forfeited with a weighted average exercise price of \$0.20 and reclassified \$50,893 from reserve to deficit.

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**9. SHARE CAPITAL (CONTINUED)**

**For the year ended May 31, 2018:**

In July 2017, the Company issued 1,000,000 units 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 13). 1,500,000 common shares were issued as finder's shares with a fair value of \$238,140 (Note 13).

In anticipation of the 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. The subscription receipts converted into 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 related to the conversion of special warrants.

**Special warrants**

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

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

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



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**9. SHARE CAPITAL (CONTINUED)**

**Special warrants (continued)**

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 were 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 were 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.

**Stock options**

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

During the year ended May 31, 2019:

A total of 200,000 stock options were forfeited during the year ended May 31, 2019. The Company reclassified \$50,893 from reserves to deficit. In addition 62,500 stock options expired during the year ended May 31, 2019.

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 \$71,378 (C\$94,388) 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 May 31, 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 \$114,720 (C\$151,703) 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 May 31, 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 \$121,166 (C\$160,227) 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 May 31, 2019, the number of exercisable options was 333,332.

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 year ended April 30, 2019, the Company recognized \$320,641 (C\$424,106) in the consolidated statements of loss and comprehensive loss for the value of the options that vested during the year based on the fair value using the Black Scholes option pricing method at the date of issuance.

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**9. SHARE CAPITAL (CONTINUED)**

**Stock options (continued)**

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 year ended May 31, 2019, the Company recognized \$nil in the consolidated statements of 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)
Forfeited and expired	(262,500)	(0.32)
Balance at May 31, 2019	3,783,333	0.27

Information regarding stock options outstanding as at May 31, 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	1.96
1,100,000	1,100,000	C\$ 0.20	April 30, 2020	0.92
300,000	300,000	C\$ 0.37	November 29, 2020	1.50
1,000,000	-	C\$ 0.30	February 19, 2021	1.73
1,333,333	333,332	C\$ 0.28	February 21, 2021	1.73
3,783,333	1,783,332			1.48

**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	16,503,454	0.43
Exercised	(1,638,012)	(0.19)
Balance at May 31, 2019	31,642,280	0.26

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**9. SHARE CAPITAL (CONTINUED)**

**Share purchase warrants (continued)**

Information regarding share purchase warrants outstanding at May 31, 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	0.00
13,125,000	0.075	April 25, 2020	0.38
2,377,505	0.10	April 25, 2020	0.07
7,031,603	0.35	October 11, 2021	0.53
8,858,172	\$0.50	May 20, 2020	0.23
31,642,280			1.20

During the year ended May 31, 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 and 613,679 share purchase warrants with an exercise price of C\$0.35 were exercised for gross proceeds of \$232,975 (C\$310,363).

**10. RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties during the year ended May 31, 2019:

	May 31, 2019	May 31, 2018
	\$	\$
Consulting fees paid or accrued to the CEO	147,250	-
Consulting fees paid or accrued to the CFO	30,000	-
Consulting fees paid or accrued to the former CFO	13,292	-
Share based compensation paid to directors and officers	223,032	-
	413,574	-

As at May 31, 2019, \$69,000 (May 31, 2018 – 136,567) is owed to companies owned by directors and officers of the Company. Accounts payable to related parties do not bear interest, are unsecured, and are repayable on demand.

**11. 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 trade customers. 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.

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**11. FINANCIAL INSTRUMENTS (CONTINUED)**

*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 accounts receivable, 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.

**12. 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. As at May 31, 2019, the balance is still owing.

**13. ACQUISITION 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.

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**13. ACQUISITION OF SUBSIDIARY (CONTINUED)**

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
Listing expense	3,028,568

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

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

**14. INCOME TAXES**

The differences between tax recovery for the 2019 and 2018 years ended, and the expected income tax recovery based on statutory rates arise as follows:

	May 31, 2019	May 31, 2018
Loss before income tax	\$ (3,126,229)	\$ (4,016,528)
Expected tax recovery based on statutory rate of 27% (2018: 26.5%)	\$ (844,000)	\$ (1,064,000)
Non-deductible expenditures	169,000	-
Permanent and other differences	(68,000)	802,000
Other	55,000	-
Change in deferred tax assets	688,000	262,000
Total income tax recovery	\$ -	\$ -

As at May 31, 2019, the Company has accumulated Canadian non-capital losses of approximately \$5,900,000 for income tax purposes which may be deducted in the calculation of taxable income in future years expiring in 2039. The potential benefit of these non-capital loss carry-forwards has not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred assets to be recovered. Tax attributes are subject to review, and potential adjustment, by tax authorities.

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**15. 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 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, 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 and 2019. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital for the development of its business, and will need to raise additional 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.

**16. SUBSEQUENT EVENTS**

Subsequent to the year end, the Company issued 650,000 common shares pursuant to warrant exercises for gross proceeds of \$39,807 (C\$52,500).