

KOIOS BEVERAGE CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

**FOR THE PERIOD ENDED
NOVEMBER 30, 2019 AND 2018
(UNAUDITED)**

(Expressed in US Dollars)

KOIOS BEVERAGE CORP.
Management's Discussion and Analysis
For the period ended November 30, 2019 and 2018
Expressed in US Dollars, unless otherwise stated

BACKGROUND

This management's discussion and analysis of the financial position and results of operations ("MD&A") for Koios Beverage Corp. (the "Company") is prepared as at January 29, 2020. The information herein should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended November 30, 2019 and the related notes contained therein, which have been prepared under International Financial Reporting Standards ("IFRS").

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

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

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

FORWARD-LOOKING STATEMENTS

Information set forth in this MD&A may involve forward-looking statements within the meaning of Canadian securities laws. These statements relate to future events or future performance and reflect management's expectations regarding the Company's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target" or the negative of these terms or other comparable terminology. Forward-looking statements in this MD&A include, but are not limited to: volatility of stock price and market conditions, regulatory risks, difficulty in forecasting, key personnel, limited operating history, competition, investment capital and market share, market uncertainty, additional capital requirements, management of growth, pricing policies, litigation, no dividend history. The risk factors described in this MD&A are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the Company's forward-looking statements. In addition, any forward-looking statements represent the Company's estimates only as of the date of this MD&A and should not be relied upon as representing the Company's estimates as of any subsequent date. The material factors and assumptions that were applied in making the forward-looking statements in MD&A include: (a) execution of the Company's existing plan to become a global leader and distributor of its products and related product lines. (b) ability to secure distribution partners (c) demand for the Company's products. Forward looking statements are based on a number of assumptions that may prove to be incorrect including but not limited to assumptions about: the impact of competition; the ability to obtain new financing on acceptable terms; the ability to retain skilled management and staff; currency, exchange and interest rates; the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest. The preceding list is not exhaustive of all possible factors. All factors should be considered carefully when making decisions with respect to the Company. Readers should not place undue reliance on the Company's forward-looking statements, as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that such forward-looking statements will materialize. Unless required by applicable securities laws the Issuer disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, see "Risk Factors".

While the Company considers these assumptions may be reasonable based on information currently available to it, these assumptions may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in the section titled "Risk Factors".

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COMPANY OVERVIEW

Koios Beverage Corp. (formerly Super Nova Petroleum Corp.) (the "Company") was incorporated on November 13, 2002, under the *Business Corporations Act (British Columbia)*. The corporate and registered and records offices of the Company are located at 810 - 789 West Pender Street, Vancouver, British Columbia, V6C 2V6. The Company's common shares are listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "KBEV" and the United States OTC stock market, under the symbol "KBEVF".

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

Koios, now a wholly-owned subsidiary of the Company, is an emerging functional beverage company which has an available distribution network of over 2,000 retail locations across the United States in which to sell its products. Koios has relationships with some of the largest and most reputable distributors in the United States, including Europa Sports, Muscle Foods USA, KeHE, and Wishing-U-Well. Together these distributors represent over 80,000 brick and mortar locations across the United States from sports nutrition stores to large natural grocery chains including Whole Foods and Sunflower markets. Through its partnership with Wishing-U-Well, Koios also enjoys a large presence online, including being an Amazon choice product.

OUR PRODUCTS - NOOTROPIC:

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

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

In April 2019, the Company has started production of its "Fit Soda"™ and has released two new flavors, Orange Creamsicle and Root Beer Vanilla Float. Fit Soda™ has zero sugar, natural electrolytes and is infused with branched-chain amino acids.

The Company offers their nootropic products in six flavours: Strawberry Shortcake, Apricot Vanilla, Peach Mango, Berry Genius, Blood Orange and Pear Guava.

HIGHLIGHTS

On November 5, 2019, the Company launched its new company website at <http://koiosbeveragecorp.com> with a new interactive investor relations section and new shopping platform.

The Company appointed Sherron Lewis to the board of directors. Mr. Lewis currently serves as Senior Vice President of American Financing Corporation, a Denver-based mortgage banker licensed in all fifty states of the United States with annual revenues of more than USD \$100 million.

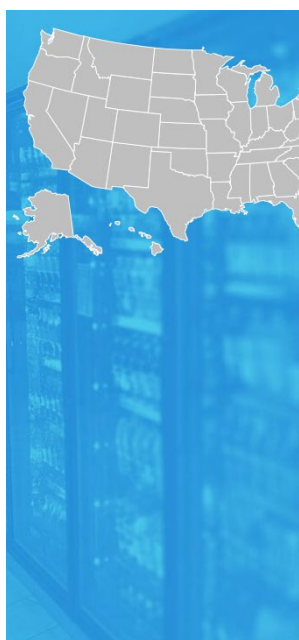
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HIGHLIGHTS – DISTRIBUTION

During fiscal 2019, the Company has had significant success in building a vast distribution network across the United States. Of significance, the Company secured distribution with GNC and Walmart in January and March, 2019, respectively. The Company continues to seek new partners in 2020.

The Company entered into a vendor agreement with GNC Holdings Inc. a leading global health and wellness brand with thousands of retail stores across the US and Canada. GNC operates in more than 6,400 retail locations in the United States and Canada, with franchise operations in approximately 50 international brands.

The Company signed a vendor agreement with one of the world's largest retailer, Walmart Inc. Walmart Inc., is a multinational retail giant that operates a chain of hyper markets, discount department stores and grocery stores across the globe.



KOIOS has an available distribution network of over 3,700 retail locations.

- ✓ **The company has relationships**
with some of the largest and most reputable distributors in the country; Europa Sports, Muscle Foods USA, KeHE, and Wishing-U-Well.
- ✓ **KOIOS enjoys a large presence online**
Through our partnership with Wishing-U-Well and through being an Amazon choice product.
- ✓ **Large retail presence**
KOIOS can also be found at various GNC's, Walmart's, 7-11's, Conoco's, Gold's Gyms, Woodman's Markets, Alfalfa's, Crunchy Grocers, Mothers Market, True Fit Gyms and Total Nutrition.
- ✓ **Our distributors represent over 80,000 brick and mortar locations**
across the United States from sports nutrition stores to large natural grocery chains including Whole Foods and Sunflower markets.
- ✓ **High profile retailers**
Key retailers include GNC, Walmart, Max Muscle Sports Nutrition, Nutrition Zone, Total Nutrition, Colorado Nutrition, Nutrition Depot, Ready Fit Go, Ultimate Sports Nutrition, Better Health Natural Grocers, Villa Sports and Pete's Fresh Markets.
- ✓ **KOIOS uses a proprietary blend of nootropics**
and natural organic compounds to enhance human productivity without using harmful chemicals or stimulants.

Distribution Partners:

Apart from entering into agreements with Walmart and GNC, the Company has secured a strong foot print throughout the United States, through entering into distribution agreements with the following vendors:

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

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HIGHLIGHTS – DISTRIBUTION

On June 11, 2019, the Company announce its 2019 partnership with the historic Red Rocks Amphitheatre and the City of Denver . Koios will be one of the sponsors for "Yoga on the Rocks," "Barre on the Rocks", "SnowShape" and "Five Points Jazz Festival".

On June 12th, 2019, the Company announced it had been working alongside its partners in the sports nutrition field to create a new and exclusive flavor, Strawberry Shortcake. As retail sales continue to increase each week due to the popularity of its current lineup, which include the Apricot Vanilla, Peach Mango, Berry Genius, Blood Orange, and Pear Guava beverages, the Company has decided to formulate a sixth new and exciting flavor.

On June 20, 2019, The Company it would be available in GNC franchise locations adding an additional 210 retail locations. The Koios beverage line had been available at 2,700 corporate GNC locations starting March of 2019. Once the stores were added KOIOS was available in a total of 2,910 GNC locations across the United States.

On July 19, 2019 The company officially launched Fit Soda. The Fit Soda™ beverage product was made available for nationwide distribution beginning Friday, July 19, 2019 . Koios has received interest in distributing Fit Soda™ from distributors and direct-to-store delivery companies from across the United States . Based on pre-selling data and initial pre-orders, Koios anticipates Fit Soda™ could double sales volume in the first 90 days following its release. Fit Soda™ will be available in 400 retail stores across the United States no later than the end of September, 2019.

On November 14, 2019, the Company announced its re-engagement with sports nutrition and health product distributor Muscle Foods USA, LLC, for the distribution of the Company's entire product line including Fit Soda, Koios, Koios branded stick packs and supplement powders in 4,000 new retail stores.

Product at the Company's distributors have found success within the market and demand for the Company's products remain strong.

HIGHLIGHTS – RESEARCH AND DEVELOPMENT

Innovation within the retail market has never been more important, and the Company has been working to produce new and innovative flavours, as well as contemplate and implement new product offerings.

As at November 30, 2019, the Company offered the following products:

- Blueberry Lemonade Nootropic Supplement Powder
- Grape Bliss Nootropic Supplement Powder
- Sour Apple Nootropic Supplement Powder
- Apricot Vanilla Drink
- Peach Mango Drink
- Pear Guava Drink
- Strawberry Shortcake
- Blood Orange
- Berry Genius
- Fit Sodas™

The Company will continue to look forward and bring innovative and functional beverages to the market.

HIGHLIGHTS – FINANCING

Financing is an essential part of running our Company as we work to achieve greater profitability. The Company raised considerable funds in Fiscal 2019, and the Company continues to watch its cash flow to maintain operations. The Company intends to utilize funds to pursue potential opportunities and fund operations.

During the six-month period ended November 30, 2019, the Company raised \$39,716 pursuant to the exercise of 650,000 warrants.

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RESULTS OF OPERATIONS

For the six month period ended November 30, 2019

For the period ended November 30, 2019, the Company incurred a loss of \$1,427,111 (2018 – \$1,669,944). For the comparative period, the Company had just acquired Koios LLC. The previous period is therefore not indicative of the current period and therefore does not provide the reader with an appropriate benchmark to evaluate performance period over period. A discussion of the significant variances is discussed below:

- Corporate development increased to \$962,483 from \$794,850. Corporate development primarily consists of brand awareness and a concentrated effort to increase the Company’s presence within the industry. The Company has worked to change investor’s perspectives as the Company shifted from a mineral and exploration background to a leading nootropic beverage Company. The beverage industry is very competitive and the Company’s brand awareness is a very important step in the overall success of the Company.
- Consulting fees decreased to \$267,406 from \$285,778 as the Company hired consultants and incurred fees in connection with the executed agreements. The Company relies on Consultants to help them achieve their goals on all facets of business and these consultants bring a wide range of expertise and connections to the Company. Consultants include management, advisors, technical support and other support roles. The execution of the distribution agreements and product development requires due diligence and planning to ensure the products and agreements meet the Company’s standards.
- Share based compensation decreased to \$282,010 from \$323,203 as the Company granted stock options to directors, officers and consultants.
- Freight and shipping increased to \$93,236 from \$Nil, as the Company incurred fees to ship product from the Company’s warehouse center to its various distribution partners.
- Travel increased to \$29,171 from \$13,413 as the Company incurred fees to market the Company’s product around North America.
- Gain on write off of accounts payable increased to \$260,346 from \$Nil, as the Company deemed several historical vendor balances were no longer payable.

For the three month period ended November 30, 2019

For the period ended November 30, 2019, the Company incurred a loss of \$884,388 (2018 – \$1,077,669). A discussion of the significant variances is discussed below:

- During the three month period ended November 30, 2019, most general and administrative line items decreased, which is reflective of the Company’s cost-cutting measure. The only increases in cash expenditures relate to increase in freight and shipping \$38,884 (2018 - \$Nil) and travel \$15,136 (2018 - \$6,067). Increases in these accounts are attributable to fees incurred to distribute the Company’s product and the Company has been actively marketing its product at trade shows and conferences.

Revenue and Cost of Sales Analysis

	For the three month period ended November 30,		For the six months period ended November 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Sales	265,467	16,464	443,987	35,597
Cost of goods sold	(141,122)	(14,604)	(277,379)	(28,478)
Gross profit	124,345	1,860	166,608	7,119
Gross profit %	47%	11.3%	38%	20%

- The Company’s wholly owned subsidiary, Koios, sells nootropic beverages. The Company intends to utilize its distribution channels to facilitate significant revenue growth.
- Cost of sales include all expenditures related to the product. This include ingredients and manufacturing costs.

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Revenue and Cost of Sales Analysis (Continued)

- During the three month period ended November 30, 2019, sales grew substantially quarter over quarter, from \$178,520 from Q1 2020 to \$265,467 in Q2 2020. The Company experienced growth amongst all main distribution channels, with online and whole sale channels experiencing the strongest growth.
- Gross margins increased significantly during the three month period ended November 30, 2019, as the Company experienced economies of scale and was able to re-negotiate better terms with suppliers and co-packing facilities. The Company's gross margin of 47% is in-line with expectations on a looking forward basis.
- During the six month period ended, November 30, 2019, the Company introduced two new products – Fit Soda and Gummy Bears, which saw growth amongst all sales channels, which contributed to the overall strength in sales.
- Overall, during the six month period ended, revenues grew to \$443,987 (2018 - \$35,597), a 920% increase in sales.

SUMMARY OF QUARTERLY RESULTS

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

	Three month period ended November 30, 2019	Three month period ended August 31, 2019	Three month period ended May 31, 2019	Three month period ended February 28, 2019
	\$	\$	\$	\$
Total assets	2,455,773	3,121,705	3,724,301	1,061,938
Working capital	2,105,115	2,793,227	3,159,591	385,833
Shareholders' equity	2,137,104	2,794,567	3,160,614	385,833
Revenue	265,467	178,520	186,658	20,185
Gross profit	124,345	42,263	8,761	9,615
Net loss and comprehensive loss	(884,388)	(542,723)	(1,069,422)	(386,867)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)

	Three month period ended November 30, 2018	Three month period ended August 31, 2018	Three month period ended May 31, 2018	Three month period ended February 28, 2018
	\$	\$	\$	\$
Total assets	1,143,888	496,009	923,900	C2,315,164
Working capital (deficiency)	507,084	(127,560)	281,520	C1,960,869
Shareholders' equity (deficiency)	507,084	(127,560)	281,520	C1,960,869
Revenue	16,464	19,133	-	-
Gross profit	1,860	5,259	-	-
Loss and comprehensive loss	(1,077,699)	(592,241)	-	C(75,956)
Loss per share	(0.02)	(0.01)	-	C(0.01)

The amount and timing of expenses and availability of capital resources vary substantially from quarter to quarter, depending on the level of demand and distribution needs and the availability of funding. During the three-month period ended November 30, 2017, the Company completed a private placement. During fiscal 2018, the Company changed its business from an exploration and evaluation Company to a leading nootropic beverage Company through the acquisition of Koios. Since February 28, 2018, the Company's activity has increased to reflect this change in business. During fiscal 2019 and 2020, the Company has hired consultants and expertise to assist with execution the Company's business plan and signed multiple distribution agreements.

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SUMMARY OF QUARTERLY RESULTS (CONTINUED)

The Company experienced significant revenue growth quarter over quarter, increasing 830% since Q1 of 2018. The Company continues to seek distribution partners and its products to gain traction throughout the market. The Company has a strong working capital position of \$2,105,115 from its most recent financing, that will fund operations and the Company's business. The Company expects the gross profit to continue to improve as new suppliers and manufacturers were negotiated close to year end.

LIQUIDITY AND CAPITAL RESOURCES

Capital management

The Company considers its capital to be the main component of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, high liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

Liquidity and capital resources

The Company's working capital and deficit positions at November 30, 2019 and May 31, 2019 were as follows:

	November 30, 2019	May 31, 2019
	\$	\$
Working capital	2,105,115	3,159,591
Deficit	(12,077,961)	(10,650,850)

The balance of cash available at November 30, 2019 was \$1,884,508 (May 31, 2019 - \$3,159,591) with a working capital of \$2,105,115 (2019 - \$3,159,591).

The improvement of the Company's working capital situation during the period ended November 30, 2019 was due to the completion of private placements in fiscal 2019, issuing 24,311,946 Units for gross proceeds of \$5,308,518 and warrants were exercised for gross proceeds of \$232,975. Furthermore, the Company recorded revenues of \$178,520 and a gross margin of \$42,263. The Company anticipates the Company's working capital will continue to improve over time as product is sold around the world. The Company intends to fund short-term capital requirements via equity financings.

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

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LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Liquidity and capital resources – Operating activities

Net cash used in operating activities for the period ended was \$1,224,846 (2018 - \$1,363,253). The increase in net cash used in operating activities is primarily caused by an increase in operating activity relative to the comparative period. The Company continues to ramp up operations and pursue potential opportunities. The functional beverage industry is competitive and the Company continues to spend funds on marketing and brand awareness to increase the Company's overall market share within the functional beverage market.

Liquidity and capital resources – Financing activities

Net cash provided by (used in) financing activities during the period ended November 30, 2019 was \$37,620 (2018 – 1,568,864). During the six-month period ended November 30, 2019, the Company issued 650,000 common shares pursuant to the exercise of warrants for gross proceeds of \$39,716. In the comparative period, the Company repaid a founder of the Company for \$29,250 and paid related parties of \$7,430. In addition, the Company completed a private placement, raising gross proceeds of \$1,547,643.

RELATED PARTY TRANSACTIONS

The Directors and Executive Officers of the Company are as follows:

Chris Miller	Chief Executive Officer and Director
Theo Van Der Linde	Chief Financial Officer
Konstantin Lichtenwald	Director
Erik LeVang	Director

The Company entered into the following transactions with related parties during the period ended November 30, 2019:

	November 30, 2019	November 30, 2018
	\$	\$
Consulting fees paid or accrued to the CEO	58,500	65,250
Advisory and accounting fees paid to a private company jointly controlled by the CFO	22,692	-
Consulting fees paid to the former CFO	-	27,909
Consulting fees paid or accrued to the CFO	22,692	-
Share based compensation paid to directors and officers	49,780	228,815
	153,664	321,974

As at November 30, 2019 \$84,150 (May 31, 2019 – 69,000) 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.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Several amendments to existing accounting standards became effective January 1, 2018 and were first adopted by the Company during the period ended November 30, 2019.

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Accounting policies effective after June 1, 2019

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 financial statements.

FINANCIAL INSTRUMENTS

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

Credit risk

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

Currency risk

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

Interest rate risk

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

Fair value measurements of financial assets and liabilities

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

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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.

OTHER RISKS AND UNCERTAINTIES

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

OUTSTANDING SHARE DATA

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

	Number of shares issued or issuable
Common shares	77,224,600
Stock options	5,983,333
Warrants	30,892,280

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet items.

RISKS AND UNCERTAINTIES

The following are certain factors relating to the Company's business which prospective investors should carefully consider before deciding whether to purchase common shares in the Company's authorized capital. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Listing Statement. These risks and uncertainties are not the only ones we are facing. Additional risk and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our operations. If any such risks actually occur, the business, financial condition, liquidity and results of our operations could be materially adversely affected.

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RISKS AND UNCERTAINTIES (CONTINUED)

Risk Factors Associated with the Business of the Company

We may need to raise further capital.

Our business strategy is based in part on the scalability of our operations. In order to expand our operations, we will need to raise additional funds in the future, and such funds may not be available on commercially reasonable terms, if at all. If we cannot raise enough funds on acceptable terms, we may not be able to fully implement our business plan, take advantage of future opportunities, or respond to competitive pressures or unanticipated requirements. This could seriously harm our business, financial condition and results of operations.

We rely on third party co-packers to manufacture our products

We rely on third party co-packers to manufacture our products. If we are unable to maintain good relationships with our co-packers and/or their ability to manufacture our products becomes constrained or unavailable to us, our business could suffer. We do not directly manufacture our products, but instead outsource such manufacturing to established third party co-packers. These third-party co-packers may not be able to fulfill our demand as it arises, could begin to charge rates that make using their services cost inefficient or may simply not be able to or willing to provide their services to us on a timely basis or at all. In the event of any disruption or delay, whether caused by a rift in our relationship or the inability of our co-packers to manufacture our products as required, we would need to secure the services of alternative co-packers. We may be unable to procure alternative packing facilities at commercially reasonable rates and/or within a reasonably short time period and any such transition could be costly. In such case, our business, financial condition and results of operations would be adversely affected. Large co-packing minimums have affected our cash flow in the past. We have worked diligently to develop relationships with co-packers in the Denver area that will allow us to produce product on demand.

We rely on distributors to distribute our products in the DSD sales channel

We rely on distributors to distribute our products in the DSD sales channel. If we are unable to secure such distributors and/or we are unable to maintain good relationships with our existing distributors, our business could suffer. We distribute our products in the DSD sales channel by entering into agreements with direct-to-store delivery distributors having established sales, marketing and distribution organizations. We similarly are seeking to expand our online distribution. Many of our distributors are affiliated with and manufacture and/or distribute other beverage products. In many cases, such products compete directly with our products. The marketing efforts of our distributors are important for our success. If our products prove to be less attractive to our distributors and/or if we fail to attract distributors, and/or our distributors do not market and promote our products with greater focus in preference to the products of our competitors, our business, financial condition and results of operations could be adversely affected.

If we are unable to maintain good relationships with our existing customers, our business could suffer

Our customers are material to our success. If we are unable to maintain good relationships with our existing customers, our business could suffer. Unilateral decisions could be taken by our distributors, grocery chains, convenience chains, drug stores, nutrition stores, mass merchants, club warehouses and other customers to discontinue carrying all or any of our products that they are carrying at any time, which could cause our business to suffer. The majority of our revenues are derived from two of our customers and our online channel. Accordingly, if sales to either of these customers were to significantly decline or cease entirely, our business, results of operations and financial condition may be significantly harmed.

KOIOS BEVERAGE CORP.
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Expressed in US Dollars, unless otherwise stated

RISKS AND UNCERTAINTIES (CONTINUED)

Increases in cost or shortages of raw materials or increases in costs of co-packing could harm our business

The principal raw materials used by us are flavors and ingredient blends as well as aluminum cans, the prices of which are subject to fluctuations. We are uncertain whether the prices of any of the above or any other raw materials or ingredients we utilize will rise in the future and whether we will be able to pass any of such increases on to our customers. We do not use hedging agreements or alternative instruments to manage the risks associated with securing sufficient ingredients or raw materials. In addition, some of these raw materials, such as our distinctive sleek 12 ounce can, are available from a single or a limited number of suppliers. As alternative sources of supply may not be available, any interruption in the supply of such raw materials might materially harm us.

Our ability to accurately estimate demand for our products could adversely affect our business and financial result

We may not correctly estimate demand for our products. If we materially underestimate demand for our products and are unable to secure sufficient ingredients or raw materials, we might not be able to satisfy demand on a short-term basis, in which case our business, financial condition and results of operations could be adversely affected.

We depend upon our trademarks and proprietary rights, and any failure to protect our intellectual property rights or any claims that we are infringing upon the rights of others may adversely affect our competitive position

Our success depends, in large part, on our ability to protect our current and future brands and products and to defend our intellectual property rights. We cannot be sure that trademarks will be issued with respect to any future trademark applications or that our competitors will not challenge, invalidate or circumvent any existing or future trademarks issued to, or licensed by, us.

There can be no assurance that our trade secrets, including our proprietary ingredient blends will not become known to competitors

Our products are manufactured using our proprietary blends of ingredients. These blends are created by third-party suppliers to our specifications and then supplied to our co-packers. Although all of the third parties in our supply and manufacture chain execute confidentiality agreements, there can be no assurance that our trade secrets, including our proprietary ingredient blends will not become known to competitors. We believe that our competitors, many of whom are more established and have greater financial and personnel resources than we do, may be able to replicate or reverse engineer our processes, brands, flavors, or our products in a manner that could circumvent our protective safeguards. Therefore, we cannot give you any assurance that our confidential business information will remain proprietary. Any such loss of confidentiality could diminish or eliminate any competitive advantage provided by our proprietary information.

We may incur material losses as a result of product recall and product liability

We may be liable if the consumption of any of our products causes injury, illness or death. We also may be required to recall some of our products if they become contaminated or are damaged or mislabeled. A significant product liability judgment against us, or a widespread product recall, could have a material adverse effect on our business, financial condition and results of operations. The amount of the insurance we carry is limited, and that insurance is subject to certain exclusions and may or may not be adequate.

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RISKS AND UNCERTAINTIES (CONTINUED)

Key Personnel Risk

Our success will depend on our directors and officers to develop our business and manage our operations, and on our ability to attract and retain key quality assurance, scientific, sales, public relations and marketing staff or consultants once operations begin. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on our business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that we will be able to attract or retain key personnel in the future, which may adversely impact our operations.

We are dependent on our ability to attract and retain qualified technical, sales and managerial personnel. Our future success depends in part on our continuing ability to attract and retain highly qualified technical, sales and managerial personnel. Competition for such personnel in the beverage industry is intense and we may not be able to retain our key managerial, sales and technical employees or attract and retain additional highly qualified technical, sales and managerial personnel in the future. Any inability to attract and retain the necessary technical, sales and managerial personnel could materially adversely affect us.

We are subject to significant competition in the beverage industry

The beverage industry is highly competitive. The principal areas of competition are pricing, packaging, distribution channel penetration, development of new products and flavors and marketing campaigns. Our products compete with a wide range of drinks produced by a relatively large number of manufacturers, most of which have substantially greater financial, marketing and distribution resources and name recognition than we do.

Important factors affecting our ability to compete successfully include the taste and flavor of our products, trade and consumer promotions, rapid and effective development of new, unique cutting edge products, attractive and different packaging, branded product advertising and pricing. Our products compete with all liquid refreshments and with products of much larger and substantially better financed competitors, including the products of numerous nationally and internationally known producers, such as The Coca Cola Company, Dr. Pepper Snapple Group, PepsiCo, Inc., Nestle, Waters North America, Inc., Hansen Natural Corp. and Red Bull. We also compete with companies that are smaller or primarily local in operation. Our products also compete with private label brands such as those carried by supermarket chains, convenience store chains, drug store chains, mass merchants and club warehouses. There can be no assurance that we will compete successfully in the functional beverage industry. The failure to do so would materially adversely affect our business, financial condition and results of operations.

Our business is substantially dependent upon awareness and market acceptance of our products and brands by our targeted consumers

We compete in an industry that is brand-conscious, so brand name recognition and acceptance of our products are critical to our success and significant marketing and advertising could be needed to achieve and sustain brand recognition. Our business is substantially dependent upon awareness and market acceptance of our products and brands by our targeted consumers. Our business depends on acceptance by our independent distributors of our brand as one that has the potential to provide incremental sales growth rather than reduce distributors' existing beverage sales. The development of brand awareness and market acceptance is likely to require significant marketing and advertising expenditures. There can be no assurance that we will achieve and maintain satisfactory levels of acceptance by independent distributors and retail consumers. Any failure of our brand to maintain or increase acceptance or market penetration would likely have a material adverse effect on business, financial condition and results of operations.

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RISKS AND UNCERTAINTIES (CONTINUED)

Our sales are affected by seasonality

As is typical in the beverage industry, our sales are seasonal. Our highest sales volumes generally occur in the second and third quarters, which correspond to the warmer months of the year in our major markets. Consumer demand for our products is also affected by weather conditions. Cool, wet spring or summer weather could result in decreased sales of our beverages and could have an adverse effect on our results of operations.

Our business is subject to many regulations and noncompliance is costly. The production, marketing and sale of our beverage products are subject to the rules and regulations of various federal, state and local health agencies. If a regulatory authority finds that a current or future product or production run is not in compliance with any of these regulations, we may be fined, or production may be stopped, thus adversely affecting our business, financial condition and results of operations. Similarly, any adverse publicity associated with any noncompliance may damage our reputation and our ability to successfully market our products. Furthermore, the rules and regulations are subject to change from time to time and while we closely monitor developments in this area, we have no way of anticipating whether changes in these rules and regulations will impact our business adversely. Additional or revised regulatory requirements, whether labeling, environmental, tax or otherwise, could have an adverse effect on our business, financial condition and results of operations.

Global Economy Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. We will be dependent upon the capital markets to raise additional financing in the future, while we establish a client base for our product. Access to financing has been negatively impacted by the ongoing global economic downturn. As such, we are subject to liquidity risks in meeting our development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact our ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to us and our management. If uncertain market conditions persist, our ability to raise capital could be jeopardized, which could have an adverse impact on our operations and the trading price of our common shares on the CSE.

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

DISCLAIMER

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