

KOIOS BEVERAGE CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE NINE MONTHS PERIOD ENDED
FEBRUARY 29, 2020 AND 2019
(UNAUDITED)**

(Expressed in US Dollars)

**NOTICE OF NO AUDITORS' REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

KOIOS BEVERAGE CORP.

Condensed Interim Consolidated Statements of Financial Position (Unaudited) (Expressed in US dollars)

As At	February 29, 2020	May 31, 2019
	\$	\$
ASSETS		
Cash	1,402,520	3,007,394
Accounts receivable (Note 3)	48,654	37,142
Inventory (Note 4)	308,466	365,383
Prepaid expenses	197,355	297,956
	1,956,995	3,707,875
NON-CURRENT ASSETS		
Equipment (Note 5)	31,040	16,426
Total assets	1,988,035	3,724,301
LIABILITIES		
Provision for indemnity (Note 11)	-	23,818
Accounts payable and accrued liabilities (Notes 6 and 10)	119,372	342,885
Short-term loans (Note 7)	130,665	140,203
Due to related parties (Note 9)	94,850	41,378
	344,887	548,284
NON-CURRENT LIABILITIES		
Vehicle loan	12,326	15,403
	357,213	563,687
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	13,124,202	13,037,694
Reserves	1,180,302	885,423
Accumulated other comprehensive loss	(29,628)	(111,653)
Deficit	(12,644,054)	(10,650,850)
	1,630,822	3,160,614
Total liabilities and shareholders' equity	1,988,035	3,724,301

Approved and authorized for issue by the board of directors on April 29, 2020 and signed on its behalf by:

/s/ Chris Miller

Chris Miller, Director

/s/ Erik LeVang

Erik LeVang, Director

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

KOIOS BEVERAGE CORP.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Unaudited) For the nine months ended February 29, 2020 and 2019 (Expressed in US dollars)

	Three month period ended February 29,		Nine month period ended February 29,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Revenue	201,038	20,185	645,025	55,782
Cost of sales	(114,494)	(10,570)	(391,873)	(39,048)
	86,544	9,615	253,152	16,734
General and administration expenses				
Depreciation	949	399	2,846	865
Corporate development	59,127	96,674	686,305	856,331
Marketing	320,966	10,254	656,271	45,447
Consulting fees (Note 9)	133,470	95,631	400,876	381,409
Filing fees and regulatory fees	7,851	1,168	14,724	11,332
Office	2,969	70,914	85,382	176,905
Professional fees	12,284	(56,966)	54,261	(4,401)
Rent	14,743	9,330	31,033	31,400
Share-based payments (Note 8)	12,869	190,673	294,879	513,876
Freight and shipping	69,218	-	162,454	-
Travel	18,377	9,263	47,548	22,676
	(652,823)	(427,340)	(2,436,579)	(2,035,840)
Other items				
Gain on write off of accounts payable	263	-	260,609	-
Foreign exchange loss	(2,941)	(37,050)	(70,386)	(49,653)
Loss for the period	(568,957)	(454,775)	(1,993,204)	(2,068,759)
Other comprehensive loss				
Exchange differences related to the presentation currency	225	-	82,025	-
Loss and comprehensive loss for the period	(568,732)	(454,775)	(1,911,179)	(2,068,759)
Loss per share, basic and diluted	(0.01)	(0.01)	(0.02)	(0.04)
Weighted average number of shares outstanding - basic and diluted	77,574,600	58,660,160	77,003,342	54,469,996

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

KOIOS BEVERAGE CORP.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

For the nine month period ended February 29, 2020 and 2019

(Expressed in US dollars)

	Number of Shares	Share Capital	Accumulated other comprehensive loss	Reserves	Deficit	Total
		\$	\$	\$	\$	\$
Balance, May 31, 2018	49,990,545	7,609,618	-	247,416	(7,575,514)	281,520
Return of share capital	-	(29,250)	-	-	-	(29,250)
Private placement	7,645,282	1,547,643	-	-	-	1,547,643
Shares issued for warrants exercised	1,024,333	72,906	-	-	-	72,906
Shares issued for options exercised	366,667	121,903	-	(54,006)	-	67,897
Cancelled options	-	-	-	(48,022)	48,022	-
Share-based compensation	-	-	-	513,876	-	513,876
Loss for the period	-	-	-	-	(2,068,759)	(2,068,759)
Balance, February 28, 2019	59,026,827	9,322,820	-	659,264	(9,596,251)	385,833
Balance, May 31, 2019	76,307,170	13,037,694	(111,653)	885,423	(10,650,850)	3,160,614
Shares issued for warrant exercises	1,267,430	86,508	-	-	-	86,508
Accumulated other comprehensive income	-	-	82,025	-	-	21,277
Share based compensation	-	-	-	294,879	-	294,879
Loss for the period	-	-	-	-	(1,993,204)	(1,993,204)
Balance, February 29, 2020	77,574,600	13,124,202	(29,628)	1,180,302	(12,644,054)	1,630,822

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

KOIOS BEVERAGE CORP.
Condensed Interim Consolidated Statement of Cash Flows
For the nine month period ended February 29, 2020 and 2019
Expressed in US Dollars, unless otherwise stated

	2020	2019
Cash flows used in operating activities	\$	\$
Loss for the period	(1,993,204)	(2,068,759)
Item not affecting cash:		
Depreciation	2,846	-
Gain on write off of accounts payable	(260,609)	-
Foreign exchange	(9,538)	-
Share-based payments	294,879	513,876
Changes in non-cash working capital items:		
Accounts receivable	(11,512)	(20,444)
Prepaid expense	100,601	43,683
Inventory	56,917	(407,204)
Provision for indemnity	-	601
Accounts payable and accrued liabilities	66,750	45,564
Short-term loan	-	(5,146)
Net cash flows used in operating activities	(1,752,870)	(1,897,829)
Cash flows from investing activities		
Equipment purchase	(17,460)	-
Net cash flows used in operating activities	(17,460)	-
Cash flows from financing activities		
Shares issued from warrants exercised	86,508	72,906
Shares issued from options exercised	-	67,897
Shares issued from private placement	-	1,547,643
Repayment of vehicle loan	(3,077)	-
Return of share capital	-	(29,250)
Due to related parties	-	(7,294)
Net cash flows from financing activities	83,431	1,651,902
Effects of foreign exchange on cash	82,025	-
Net decrease in cash	(1,604,874)	(245,927)
Cash, beginning of the period	3,007,394	852,436
Cash, ending of the period	1,402,520	606,509

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

KOIOS BEVERAGE CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the nine month period ended February 29, 2020 and 2019
Expressed in US Dollars, unless otherwise stated

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 12).

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 unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB have been condensed or omitted and therefore, these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended May 31, 2019.

b) Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The presentation currency of the Company is the US dollar. Certain comparative figures have been reclassified to conform to the current year’s presentation.

c) Going concern

To date, the Company has incurred losses and further short-term losses are anticipated. The Company’s ability to continue as a going concern and meet its corporate objectives may require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. This indicates the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue its existence.

KOIOS BEVERAGE CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the nine month period ended February 29, 2020 and 2019
Expressed in US Dollars, unless otherwise stated

1. NATURE AND CONTINUANCE OF OPERATIONS (CONTINUED)

d) Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Koios Inc. (formerly Koios, LLC) (“Koios”), Cannavated Beverage Co. (BC) (“Cannavated BC”) and Cannavated Beverage Corp. (Nevada) (“Cannavated Nevada”). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company’s significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company’s audited consolidated financial statements for the year ended May 31, 2019, with exception to the new accounting policies adopted by the Company discussed below.

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

Changes in accounting standards

Several amendments to existing accounting standards became effective January 1, 2018 and were first adopted by the Company in the nine-month period ended February 29, 2020:

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.

3. ACCOUNTS RECEIVABLE

	February 29, 2020	May 31, 2019
	\$	\$
GST receivable	26,720	19,545
Accounts receivable	21,934	17,597
	48,654	37,142

KOIOS BEVERAGE CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the nine month period ended February 29, 2020 and 2019
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4. INVENTORY

	February 29, 2020	May 31, 2019
	\$	\$
Raw material	55,321	108,987
Work in progress or finished goods	253,145	256,396
	308,466	365,383

5. VEHICLE

	Equipment	Vehicle	Total
		\$	\$
Cost:			
Balance, May 31, 2019	-	18,972	18,972
Additions	17,460	-	-
Balance, February 29, 2020	17,460	18,972	18,972
Accumulated amortization:			
Balance, May 31, 2019	-	2,546	2,546
Charge for the period	-	2,846	2,846
Balance, February 29, 2020	-	5,392	5,392
Net book value:			
Balance, May 31, 2019	-	16,426	16,426
Balance, February 29, 2020	17,460	13,580	31,040

During the period ended February 29, 2020, the Company purchased equipment that is not ready for its intended use.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	February 29, 2020	May 31, 2019
	\$	\$
Accounts payable	119,372	299,597
Accrued liabilities	-	43,288
	119,372	342,885

7. SHORT TERM LOANS

	February 29, 2020	May 31, 2019
	\$	\$
Loans owed to former related party	14,148	14,046
Loan owed to contracted consultant	126,517	126,157
	130,665	140,203

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

KOIOS BEVERAGE CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the nine month period ended February 29, 2020 and 2019
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8. SHARE CAPITAL

Authorized - unlimited number of common shares without par value.

Share issuances

During the period ended February 29, 2020, the Company issued 1,267,430 common shares pursuant to warrant exercises for gross proceeds of \$86,508 (C\$114,243).

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

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

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

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

Stock options

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

During the period ended February 29, 2020:

On November 14, 2019, the Company granted 2,200,000 stock options with an exercise price of C\$0.185 per share expiring on November 14, 2021. The options vested 100% the date of grant. The fair value of the stock options was estimated to be \$210,944 (C\$278,574) using the Black-Scholes pricing model with the following assumptions: term of 2 years; expected volatility of 140%; risk-free rate of 1.56%; and expected dividends of zero.

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 February 29, 2020, the number of exercisable options was 1,000,000. During the nine-month period ended February 29, 2020, the Company recognized share based compensation was \$22,960 (C \$30,321).

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 February 29, 2020, the number of exercisable options was 1,333,333. During the nine-month period ended February 29, 2020, the Company recognized share based compensation was \$60,974 (C \$80,524).

KOIOS BEVERAGE CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the nine month period ended February 29, 2020 and 2019
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8. SHARE CAPITAL (CONTINUED)

Stock options (Continued)

During the period ended February 28, 2019:

62,500 of stock options were cancelled during the nine months ended February 28, 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 \$71,711 using the BlackScholes pricing model with the following assumptions: term of 2 years; expected volatility of 202%; risk-free rate of 2.21%; and expected dividends of zero. As at February 28, 2019, the number of exercisable options was 300,000.

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

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

The following table summarizes stock option activity:

	Number of options	Weighted average price
		C\$
Balance at May 31, 2018	1,612,500	0.22
Granted	2,800,000	0.30
Exercised	(366,667)	(0.24)
Cancelled	(262,500)	(0.32)
Balance, May 31, 2019	3,783,333	0.27
Granted	2,200,000	0.19
Balance, February 29, 2020	5,983,333	0.24

Information regarding stock options outstanding as at February 29, 2020 is as follows:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date	Weighted Average Remaining Life (years)
50,000	37,500	C\$ 0.38	May 15, 2021	1.21
1,100,000	1,100,000	C\$ 0.20	April 30, 2020	0.17
300,000	300,000	C\$ 0.37	November 29, 2020	0.75
1,000,000	1,000,000	C\$ 0.30	February 19, 2021	0.98
1,333,333	1,333,333	C\$ 0.28	February 21, 2021	0.98
2,200,000	2,200,000	C\$ 0.19	November 14, 2021	1.71
5,983,333	5,970,833			

KOIOS BEVERAGE CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the nine month period ended February 29, 2020 and 2019
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8. SHARE CAPITAL (CONTINUED)

Share purchase warrants

The following table summarizes warrant activity:

	Number of warrants	Weighted average price C\$
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
Expired	(100,000)	0.10
Exercised	(1,267,430)	(0.09)
Balance at February 29, 2020	30,274,850	0.26

Information regarding share purchase warrants outstanding at February 29, 2020 is as follows:

Number of warrants outstanding and exercisable	Exercise price C\$	Expiry date	Weighted Average Remaining Life (years)
12,625,000	0.075	April 25, 2020	0.16
1,760,075	0.10	April 25, 2020	0.16
8,858,172	0.50	March 20, 2020	0.06
7,031,603	0.35	October 11, 2021	1.62
30,274,850	0.26		0.71

Subsequent to period end, the Company extended the expiry date of 14,183,075 warrants with a weighted average price of \$0.08 by one year to April 25, 2021.

9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the nine month period ended February 29, 2020:

	February 29, 2020 \$	February 28, 2019 \$
Consulting fees paid or accrued to the CEO	95,500	95,250
Advisory and accounting fees paid to a private company jointly controlled by the CFO	34,075	-
Consulting fees paid to the former CFO	-	13,296
Consulting fees paid or accrued to the CFO	32,182	11,391
Share based compensation paid to directors and officers	49,780	239,063
	211,537	359,000

As at February 29, 2020, \$94,850 (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.

KOIOS BEVERAGE CORP.
Notes to the Condensed Interim Consolidated Financial Statements
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10. 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.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipated it will need additional capital in the future to finance ongoing operations, such capital to be derived from the exercise of outstanding warrants and/or the completion of other equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to fund its beverage operations, although the Company has been successful in the past in financing its activities through the sale of equity securities.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and operational success. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

Interest rate risk

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

Fair value measurements of financial assets and liabilities

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

11. 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 February 29, 2020, the amount owed is \$Nil.

KOIOS BEVERAGE CORP.
Notes to the Condensed Interim Consolidated Financial Statements
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12. 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.

The details of the consideration paid and the assets and liabilities of Koios assumed is as follows:

Consideration paid:	\$
Fair value of shares issued (15,000,00 at \$0.159 (C\$0.20) per share)	2,381,400
Total consideration paid	2,381,400
Less: Value of net assets acquired	
Cash	9,238
Accounts payable and accrued liabilities	(80,989)
Loan payable	(165,646)
Loan from Super Nova	(93,233)
Net liabilities assumed	(330,630)
Other consideration paid:	
Finders' fees	238,140
Legal fees and professional fees	78,398
Loss on acquisition	3,028,568

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

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

13. CAPITAL MANAGEMENT

The Company's capital structure consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management since the year ended May 31, 2019. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital to complete its exploration plan and ultimately the development of its business, and will need to raise adequate capital by obtaining equity financing through private placements or debt financing. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

14. SUBSEQUENT EVENTS

Subsequent to period end, the Company issued 202,000 common shares pursuant to the exercise of warrants for gross proceeds of \$20,200.