KOIOS BEVERAGE CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE NINE-MONTH PERIOD ENDED

FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

(UNAUDITED)

(Expressed in US Dollars)

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 April 29, 2020. The information herein should be read in conjunction with the condensed interim consolidated financial statements for the period ended February 28, 2021 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".

COMPANY OVERVIEW

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".

Koios, a wholly-owned subsidiary of the Company, is an emerging functional beverage company which has an available distribution network of 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 thousands of 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 arrangement with Wishing-U-Well, Koios also enjoys a large presence online, including being an Amazon choice product.

OUR PRODUCTS:

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.

The Company has three main product offerings, including beverages, coffee, and supplements.

In April 2019, the Company launched "Fit Soda" ™ and has released four flavors. Fit Soda™ has zero sugar, natural electrolytes and is infused with branched-chain amino acids.

In May 2020, the Company launched its coffee product offering, which has been infused with Lion's Mane and Changa Mushroom and Bone Broth Collagen. Each of their products have unique health benefits.

The Company's website is http://koiosbeveragecorp.com which features an interactive investor relations section and new shopping platform.

HIGHLIGHTS

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.

On March 5, 2020, the Company appointed Josh Luman, an experienced beverage industry executive to its board of directors. Mr. Lumen's experience in the beverage industry includes an executive role in the Molson Coors Beverage Company, in which Luman was a global brand director.

On March 11, 2020, the Company appointed David Woods, a veteran in the grocery and food industries, to Koios' advisory board. Mr. Woods began his career at Whole Food and became a senior category merchant in the Salty Snacks & Shelf-Stable Dips and Salsa Category. The Company believes Woods will be a valuable member of its advisory board.

HIGHLIGHTS (CONTINUED)

On February 18, 2021, the Compay partnered with Beauty Gourmet LLC, a women's functional beverage company, and created BevCreation, LLC. ("BevCreation"). BevCreation operates a commercial-scale beverage canning facility in the Denver, Colorado area. In addition to packaging the Company's KOIOS™ nootropic beverages and Fit Soda™ functional beverages, the Bevcreation canning facility also presently undertakes contract production work for other functional beverage brands. Through BevCreation, the Company will find cost efficiencies and production improvements compared to its current method of production.

HIGHLIGHTS – DISTRIBUTION

During fiscal 2020 and 2019, the Company 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 distributors in 2021. During the period, GNC filed for bankruptcy and is no longer a major ancillary distributor.

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.

Distributors:

Apart from entering into agreements with Walmart, the Company has secured a diverse network of distributors throughout the United States and have entered into the following distribution agreements:

On March 2, 2021, the Company announced that it has entered into a distribution agreement with NewAge, Inc. ("NewAge") (NASDAQ: NBEV), a major omnichannel wholesaler of beverages and snacks. Based in Denver Colorado, NewAge provides direct store delivery ("DSD") service for beverage brands all across the state of Colorado, primarily in the Front Range region.

On February 24, 2021, the Company announced that the full range of five flavours of its KOIOS™ nootropic beverages can now be purchased at all grocery stores operated by Jensen's Foods ("Jensen's"), a long-established family-owned grocery chain operating in the San Diego, Los Angeles, and Palm Springs areas of Southern California.

On February 23, 2021, the Company announced that it has further expanded its footprint in the state of Louisiana with the upcoming addition of its KOIOS™ nootropic beverage product to the beverage aisles of all locations of Matherne's Market ("Matherne's"), a local supermarket chain based in Baton Rouge, the state's capital.

On February 19, 2021, the Company announced that it has added the Oregon based Market of Choice grocery chain to its growing roster of retailers for Koios products. As part of the Company's continued focus on regional grocers and supermarket chains, this placement in Market of Choice has grown the Company's presence in the state of Oregon by approximately 36%.

On February 16, 2021, the Company announced that all five flavours of its nootropic beverage product KOIOS™ are now being carried by Good Earth Natural Foods Inc. ("Good Earth"), a chain of natural food markets in Utah. Good Earth offers Utah's largest selection of sports nutrition products, as well as the state's largest selection of products in several other categories.

On February 10, 2021, the Company announced that it has entered into a distribution agreement with United Natural Foods, Inc. (NYSE: UNFI) ("UNFI"), the largest publicly traded wholesale distributor of organic, natural, and specialty food in the United States and Canada. For the past two decades, UNFI has been the largest supplier to the organic and natural supermarket chain Whole Foods, whose business represents approximately one third of UNFI's revenues.

HIGHLIGHTS – DISTRIBUTION (CONTINUED)

On January 28, 2021, the Company announced that its KOIOS™ and Fit Soda™ functional beverage products are now represented by Chex Finer Foods, Inc. ("Chex"), a major natural and specialty foods distributor for the northeastern United States. Chex now carries all five varieties of the Company's KOIOS™ nootropic beverage as well as all four varieties of Fit Soda™.

On November 5, 2020, the Company announced that its KOIOS™ and Fit Soda™ beverage products (collectively, "Koios Beverages") will be represented in 20 U.S. states by Green Spoon Sales ("Green Spoon"), one of the largest natural foods brokers in the United States.

On November 4, 2020, the Company announced that its Fit Soda™ functional beverage is now being carried in approximately one third of grocery retail locations operated by HEB Grocery Company, LP ("HEB"), a San Antonio, TX based supermarket chain with more than 300 stores in the state of Texas and northeastern Mexico

On May 26, 2020, the Company engaged KeHE Distributors, LLC ("KeHE"), a well-established national distributor of fresh, natural, organic and speciality food and beverage products with a network of more than 35,000 retail outlets across North America. KeHE will distribute the Company's nootropic beverage line as part of KeHe's Elevate™ program. The Elevate™ program intends to bring promising early-stage brands to KeHE's retail partners as a way of enhancing their brand portfolio.

On February 25, 2020, the Company announced that it is entering into a distribution agreement with Bill's Distributing, Ltd. ("Bills Distributing"), a major beverage distributor in Wisconsin offering direct store delivery services, for distribution of the Company's Fit Soda line of functional beverages. Bills Distributing was founded in 1954 and represents more than 1,500 stock keeping units across its portfolio of 500 beverage brands.

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 February 28, 2021, the Company has the following product offerings:
- Nootropic Supplement Powder;
- Koios Beverage Nootropic Drinks;
- Fit Sodas™
- Specialty ground coffee; and,
- Supplement stick packs.

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 funds in Fiscal 2020 from the exercise of warrants, 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 period ended February 28, 2021, the Company completed the following financing activities:

On February 12, 2021, the Company completed a non-brokered private placement of unsecured convertible debenture financings ("Debenture") with an aggregate face value of $463,355 (CAD $600,000). The debentures bear interest of 15%, mature in 9 months and the principal and interest are convertible into common shares at a conversion price the is the lesser of the five-day volume weighted average price ("VWAP") for five-trading sessions on the Canadian Securities Exchange prior to the Closing Date and a 25% discount to the VWAP of for the 5-day trading sessions prior to conversion per Common Share.

During the period ended February 28, 2021, the Company issued 2,350,000 common shares pursuant to warrant exercises for gross proceeds of $149,785.

Expressed in US Dollars, unless otherwise stated

HIGHLIGHTS – FINANCING (CONTINUED)

On March 8, 2021, the Company completed a private placement and issued 45,000,000 warrants at a price of C$0.02 per warrant for gross proceeds of C$900,000. Each Warrant entitles the holder to acquire one Unit of the Company. Each Unit consists of one common share and one share purchase warrant. Each warrant is exercisable at C$0.03 per Unit for a period of two years. Each conversion warrant will entitle the holder to acquire one additional share at a price of C$0.05 for a period of two years.

Subsequent to the period ended February 28, 2021, the Company issued 5,608,075 pursuant to warrant exercises for gross proceeds of C$445,808.

Subsequent to the period ended February 28, 2021, the Company issued 1,000,000 pursuant to option exercises for gross proceeds of C$80,000.

RESULTS OF OPERATIONS

	Three-month period ended		Nine-month period ended	
	February 28, 2021 $	February 29, 2020 $	**February 28, 2021 $**	February 29, 2020 $
Product revenue	**99,280**	201,038	**451,890**	645,025
Cost of sales	**(97,653)**	(114,494)	**(346,086)**	(391,873)
	1,627	86,544	**105,804**	253,152
General and administration expenses				
Corporate development	**91,374**	59,127	**149,801**	686,305
Freight and shipping	**41,039**	69,218	**98,910**	162,454
Consulting fees	**122,384**	133,470	**260,509**	400,876
Amortization	**9,012**	949	**32,830**	2,846
Filing fees and regulatory fees	**6,697**	7,851	**15,099**	14,724
Share of losses from joint venture	**11,746**	-	**11,746**	-
Interest expense	**15,227**	-	**15,227**	-
Revaluation of derivative liability	**136,648**	-	**136,648**	-
Office	**32,634**	2,969	**80,970**	85,382
Professional fees	**34,487**	12,284	**130,602**	54,261
Insurance	**10,551**	-	**26,556**	-
Rent	**(1,939)**	14,743	**20,437**	31,033
Share-based compensation	**4,602**	12,869	**333,161**	294,879
Travel	**-**	18,377	**-**	47,548
Total general and administration expenses	**(514,462)**	(652,823)	**(1,312,496)**	(2,436,579)
Other items				
Gain on extinguishment of accounts payable	**-**	263	**-**	260,609
Foreign exchange loss	**(95,697)**	(2,941)	**(184,922)**	(70,386)
	(95,697)	(2,678)	**(184,922)**	190,223
Loss for the period	**(608,532)**	(568,957)	**(1,391,614)**	(1,993,204)

RESULTS OF OPERATIONS (CONTINUED)

For the nine-month period ended February 28, 2021

For the period ended February 28, 2021, the Company incurred a loss of $1,391,614 (2020 – $1,993,204). A discussion of the significant variances is discussed below:

- In response to the impact of Covid-19, during the nine-month period ended February 28, 2021, the Company cut costs as Covid-19 has impacted the Company's ability to realize revenues from traditional retail stores. As such, generally, general and administration expenses decreased to $1,312,496 compared to $2,436,579 in the comparative period.
- Corporate development decreased to $149,801 from 686,305. In the comparative period, corporate development primarily consisted 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. In the period ended February 28, 2021, due to a cash preservation strategy, the Company did not incur these expenses as an effort to conserve cash.
- Freight and shipping decreased to $98,910 from $162,454, as the had an overall decrease in inventory turnover.
- Consulting fees decreased to $260,509 from $400,876 as the Company hired less consultants and incurred fees in connection with executed agreements in the comparative period in 2020. 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. In the period ended February 28, 2021, due to Covid-19, the Company's overall business activity reduced to conserve cash.
- Amortization increased to $32,830 from $2,846 as the Company entered into various office and equipment lease agreements. During the period ended February 28, 2021, the Company entered into a new office lease and three equipment leases, which were contributed to BevCreation. During the period, the Company recorded depreciation of $32,126 for its right-of-use assets.
- During the period ended February 28, 2021, the Company entered into a joint venture with BevCreation. The Company recorded its share of losses of $11,746.
- During the period ended February 28, 2021, the Company entered into a convertible debt agreement. In connection with this agreement, the Company recorded interest expense of $11,746. Under IFRS 9, this convertible debenture contained a derivative liability, which was re-valued at period end. The Company recorded an increase in derivative liability expense of $136,648, which represents the change in fair value since the issuance date.
- Professional fees increased to $130,602 from $54,261 as a result of the Company incurring fees related to its annual financial statement audit in addition to its other professional fees which include accounting, legal and other professional fees required for its ordinary operations.
- Rent decreased to $20,437 from $31,03, which represents additional operating charges on the Company's various leases.
- Share-based compensation increased to $333,161 from $294,879 because the Company granted stock options compared to the prior quarter to compensate consultants and to retain cash.
- Travel decreased to $Nil from $47,548 as a result of Covid-19, the Company did not incur travel expenditures due to certain travel restrictions.
- Gain on extinguishment of accounts payable decreased to $Nil from $260,609 as in the comparative period in 2019, the Company deemed several historical vendor balances were no longer payable. The Company did not write down any payables during the period ended February 28, 2021.
- Foreign exchange loss of $184,922 increased from $70,386 is due to the weakening of the US dollar, resulting in a greater loss than the comparative period.

Expressed in US Dollars, unless otherwise stated

RESULTS OF OPERATIONS (CONTINUED)

For the three-month period ended February 28, 2021

For the period ended February 28, 2021, the Company incurred a loss of $608,532 (2020 – $568,957). During the three-month period ended February 28, 2021, general and administrative expenses have decreased, which is reflective of the Company's cost-cutting in response to the overall impact from Covid-19. A discussion of the significant variances is discussed below:

- During the period, the Company has increased corporate development expenditures from $59,127 to $91,374 as the Company incurred costs associated with its numerous news releases due to recent Company expansion.
- Freight and shipping costs have decreased from $69,218 to $41,039 due to an overall decrease in inventory trurnover.
- During the period ended February 28, 2021, the Company entered into a joint venture with BevCreation. The Company recorded its share of losses of $11,746.

Revenue and Cost of Sales Analysis

	For the three-month period ended		For the nine-month period ended	
	February 28, 2021	**February 29, 2020**	**February 28, 2021**	**February 29, 2020**
	$	**$**	**$**	**$**
Sales	**99,280**	201,038	**451,890**	645,025
Cost of goods sold	**(97,653)**	(114,494)	**(346,086)**	(391,873)
Gross profit	**1,627**	86,544	**105,804**	253,152

- The Company's wholly owned subsidiary, Koios, sells a variety of health-conscious product offerings. The Company intends to utilize its distribution channels to facilitate significant revenue growth.
- Cost of sales include all expenditures related to the product such as ingredients and manufacturing costs.
- During the nine-month period ended February 28, 2021, revenues decreased from $645,025 in the comparative period to $451,890. The Company attributes the decrease to the impact of Covid-19 shutting many of the Company's brick and mortar stores and with GNC no longer a reliable distribution partner.
- The Company has entered into several new distribution agreements in February and March 2021, and hopes to realize an increase in revenues on a go-forward basis. In addition, the Company is closely monitoring the roll-out of Covid-19 vaccines across the United States, which will increase foot traffic in the Company's various distribution partners.
- Through the Company's joint venture with BevCreation, the Company intends to realize cost efficiencies and an overall reduction in cost of goods sold on a go-forward basis and will eliminate the need for expensive third-party co-packers.
- For the three-month period ended February 28, 2021, gross margin decreased as old and expensive GNC product was sold and recorded to cost of goods sold.
- During the period ended February 28, 2021, the Company introduced ground coffee and new types of supplements, which saw growth amongst all sales channels, contributing to the overall strength in sales.

Expressed in US Dollars, unless otherwise stated

SUMMARY OF QUARTERLY RESULTS

The following table summarizes the operation results for the past eight quarters:	Three-month period ended February 28, 2021	Three-month period ended November 30, 2020	Three-month period ended August 31, 2020	Three-month period ended May 31, 2020
	$	$	$	$
Total assets	1,271,027	911,028	1,014,197	1,428,301
Working capital (deficiency)	(319,032)	$160,984	350,604	533,078
Shareholders' equity (deficiency)	(172,294)	204,791	382,054	571,784
Revenue	99,280	138,378	214,232	226,496
Gross profit	(97,653)	51,918	52,259	(160,835)
Net loss and comprehensive loss	(531,472)	(180,275)	(538,889)	(1,026,670)
Loss per share	(0.01)	(0.00)	(0.01)	(0.01)

	Three-month period ended February 29, 2020	Three-month period ended November 30, 2019	Three-month period ended August 31, 2019	Three-month period ended May 31, 2019
	$	$	$	$
Total assets	1,988,035	2,455,773	3,121,705	3,724,301
Working capital	1,612,108	2,105,115	2,793,227	3,159,591
Shareholders' equity	1,630,822	2,137,104	2,794,567	3,160,614
Revenue	201,038	265,467	178,520	186,658
Gross profit	86,544	124,345	42,263	8,761
Loss and comprehensive loss	(568,957)	(884,388)	(542,723)	(1,069,422)
Loss per share	(0.01)	(0.01)	(0.01)	(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 2020, the Company's net assets decreased, as the Company utilized cash to fund the Company's operations. Working capital is sufficient, totaling $139,088 at November 30, 2020. During the second and third quarter of fiscal year 2021, revenues decreased due to challenging economic and macroeconomic factors. During the three-month period ended February 28, 2021, the Company invested in a joint venture, to reduce the Company's cost to produce its products and realize cost-efficiencies on a go-forward basis.

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.

Expressed in US Dollars, unless otherwise stated

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Liquidity and capital resources

The Company's working capital and deficit positions at February 28, 2021and May 31, 2020 were as follows:

	February 28, 2021	May 31, 2020
	$	$
Working capital (deficiency)	**(319,032)**	556,690
Deficit	**(15,041,592)**	(13,649,978)

The balance of cash available at February 28, 2021was $694,096 (May 31, 2020 - $1,176,960) with a working capital (deficiency) of $319,032 (May 31, 2020 - $556,690). A large portion of liabilities is old and unrelated to the Company's current business and intends to write this debt off in future periods.

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.

Liquidity and capital resources – Operating activities

Net cash used in operating activities for the period ended February 28, 2021 was $998,683 (2020 - $1,752,870). The decrease in net cash used in operating activities is primarily caused by lower Company activities during Covid-19 and management's disciplined attitude towards lowering the Company's operating cost. The Company continues to build its 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 – Investing activities

Net cash used in investing activities for the period ended February 28, 2021 was $54,807 (2020 - $17,460). The increase in net cash used in investing activities is primarily due to equipment purchase and equity investment in BevCreation which required cash infusion of approximately 49k.

Liquidity and capital resources – Financing activities

Net cash from (used) financing activities during the period ended February 28, 2021 was $585,513($2020 – 83,431) and was due mainly to $478,243 (2020- $Nil) received from convertible debenture issuance and share issuances from warrants exercised for proceeds of $149,785 ($2020 – 86,508). Expenditures included the lease repayments on various leases and loan payments.

Expressed in US Dollars, unless otherwise stated

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
Josh Luman	Director
Erik LeVang	Director
Sherron Lewis	Director

The Company entered into the following transactions with related parties during the period ended November 30, 2020:

	February 28, 2021 $	February 29, 2020 $
Consulting fees paid or accrued to the CEO	**105,000**	58,500
Consulting fees paid or accrued to the CFO	**34,291**	22,692
Accounting and corporate fees paid or accrued to a company controlled by the CFO	**44,521**	22,692
Share based compensation paid to directors and officers	**129,766**	49,780
	313,578	153,664

As at February 28, 2021, $145,425 (May 31, 2020 – $104,279) 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

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, accounts receivable, accounts payable and accrued liabilities, and short term loans. 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.

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 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 period ended February 28, 2021, the Company incurred comprehensive loss of $1,391,614 (2020 - $1,993,204), had an accumulated deficit of $15,041,592 (May 31, 2020 - $13,649,978) and had working capital deficiency of $319,032 (May 31, 2020 – working capital of $556,690). 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. The 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.

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, did not materially disrupt the Company's operations during the first quarter of 2021. The beverage industry has not been recognized as essential services. As at February 2021, the Company has not observed any material impairments of its assets or a significant change in the fair value of assets, due to the COVID-19 pandemic.

Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the business, financial position and operating results in the future. In addition, it is possible that estimates in the Company's financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of assets. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

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	87,834,675
Stock options	5,233,333
Warrants	52,031,603

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.

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.

RISKS AND UNCERTAINTIES (CONTINUED)

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.

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.

RISKS AND UNCERTAINTIES (CONTINUED)

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.

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.

RISKS AND UNCERTAINTIES (CONTINUED)

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.

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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

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.