FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: KOIOS BEVERAGE CORP. (the "Issuer").

Trading Symbol: KBEV

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities* Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

(a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

First Quarter (three-month period) ended August 31, 2019

Unaudited condensed interim consolidated financial statements of the Issuer for the **three** month period ended **August 31, 2019**, as filed with securities regulatory authorities, are attached to this Form 5 - Quarterly Listing Statement as Appendix "A".

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.

(b) A description of the transaction(s), including those for which no amount has been recorded.

(c) The recorded amount of the transactions classified by financial statement category.

(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.

(e) Contractual obligations with Related Persons, separate from other contractual obligations.

(f) Contingencies involving Related Persons, separate from other contingencies.

With respect to related party transactions for information supplementary to that contained in the notes to the unaudited condensed interim consolidated financial statements, which are attached hereto, please refer to Management's Discussion & Analysis for the **three** month period ended **August 31, 2019**, as filed with securities regulatory authorities and attached to this Form 5 - Quarterly Listing Statement as Appendix "B".

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

As at **April 16, 2018**, the Issuer's Form 2A - Listing Statement, 34,213,707 Common shares in the capital of the Issuer were issued and outstanding.

(a) summary of securities issued during the period,

The following securities were issued during the period of June 1, 2019 to August 31, 2019:

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
June 24, 2019	Common shares	Exercise of warrants issued pursuant to a private placement that closed on April 25, 2018	500,000	$0.075	$37,500	Cash	Arm's length to the Issuer	N/A
July 10, 2019	Common shares	Exercise of warrants issued pursuant to a private placement that closed on July 19, 2017	150,000	$0.10	$15,000	Cash	Arm's length to the Issuer	N/A
Total			650,000		$50,500			

(b) summary of options granted during the period of June 1, 2019 to August 31, 2019:

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
No stock options were granted during the period of June 1, 2019 to August 31, 2019						

3. **Summary of securities as at the end of the reporting period.**

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

As at **August 31, 2019,** the authorized capital of the Issuer consisted of an unlimited number of Common shares without par value, and without any special rights or restrictions, of which **76,957,170** Common shares were issued and outstanding.

The holders of the Common shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Issuer and each Common share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of the Issuer. The holders of the Common shares, subject to the prior rights, if any, of any other class of shares of the Issuer, are entitled to receive such dividends in any financial year as the board of directors of the Issuer may be resolution determine. In the event of the liquidation, dissolution or winding-up of the Issuer, whether voluntary or involuntary, the holders of the Common shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Issuer, the remaining property and assets of the Issuer.

(b) number and recorded value for shares issued and outstanding,

Date	Number of common shares	Recorded value of common shares
As at August 31, 2019	50,640,545	$13,077,410

(c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

Options: Options to purchase Common shares in the capital of the Issuer are granted by the Issuer's Board of Directors to eligible persons pursuant to the Issuer's Stock Option Incentive Plan.

As at **August 31, 2019**, the following options were outstanding entitling holders to purchase Common shares in the capital of the Issuer as summarized below:

Date of Grant	Number of Options	Exercise Price	Expiry Date	Recorded Value
April 30, 2018	1,100,000	$0.20	April 30, 2020	$320,641
May 15, 2018	50,000	$0.38	May 15, 2020	$Nil
November 29, 2018	300,000	$0.37	November 29, 2020	$71,378
February 20, 2019	1,000,000	$0.30	February 29, 2021	$114,720
February 22, 2019	1,333,333	$0.28	February 22, 2021	$156,502
TOTAL	**3,783,333**			

Warrants: As at **August 31, 2019**, the following warrants were outstanding entitling holders to purchase Common shares in the capital of the Issuer as summarized below:

Date of Issue	Number of Warrants	Exercise Price	Expiry Date	Recorded Value
April 25, 2018	12,625,000	$0.075	April 25, 2020	$Nil
April 25, 2018	2,377,505	$0.10	April 25, 2020	$Nil
October 11, 2018	7,031,603	$0.35	October 11, 2021	$Nil
March 20, 2019	8,858,172	$0.50	March 20, 2020	$Nil
TOTAL	**30,892,280**			

Convertible Securities: The Issuer has no convertible securities outstanding.

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

As at **August 31, 2019**, the following Common shares of the Issuer were subject to a voluntary escrow agreement ("**Voluntary Escrow Agreement**") and a prescribed escrow agreement pursuant to National Policy 46-201 ("**Escrow Agreement"**):

Designation of class held in escrow	Number of securities held in escrow	Percentage of class
Common shares[1]	8,250,000	25.68%

(1) The escrow agent for the Voluntary Escrow Agreement is Clark Wilson LLP and the Issuer's transfer Agent, AST Trust Company is the escrow agent for the Escrow Agreement. The Common shares will be released from escrow pursuant to the following schedule:

Schedule	Number of Common shares to be released
Listing Date – April 16, 2018	0
6 months from Listing	0
12 months from Listing	3,750,000 (released)
15 months from Listing	3,000,000 (released)
18 months from Listing	3,000,000
21 months from Listing	1,875,000
24 months from Listing	1,125,000
30 months from Listing	1,125,000
36 months from Listing	1,125,000
Total	**15,000,000**

4. **List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.**

Name of Director/Officer	Position with Issuer
Konstantin Lichtenwald	Director
Christopher Miller	Director, Chief Executive Officer and interim Corporate Secretary
Erik LeVang	Director
Johannes (Theo) van der Linde	Chief Financial Officer

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

Management's Discussion & Analysis for the **three** month period ended **August 31, 2019**, as filed with securities regulatory authorities, is attached to this Form 5 - Quarterly Listing Statement as Appendix "B".

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Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated October 30, 2019.

Chris Miller
Name of Director or Senior Officer

Signed: "Christopher Miller"
Signature

Director and CEO
Official Capacity

Issuer Details Name of Issuer Koios Beverage Corp.	For Quarter Ended August 31, 2019	Date of Report YY/MM/D 2019/10/30
Issuer Address 789 West Pender Street, Suite 810		
City/Province/Postal Code Vancouver, British Columbia V6C 1H2	Issuer Fax No. (604) 687-3141	Issuer Telephone No. (604) 687-2038
Contact Name Chris Miller	Contact Position Director and CEO	Contact Telephone No. 844 255-6467
Contact Email Address chris@koiosbeveragecorp.com	Web Site Address http://mentaltitan.com	

APPENDIX A

KOIOS BEVERAGE CORP.

Unaudited condensed interim financial statements
for the **three** month period ended **August 31, 2019**

KOIOS BEVERAGE CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED
AUGUST 31, 2019 AND 2018
(UNAUDITED)

(Expressed in US Dollars)

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

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

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

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

KOIOS BEVERAGE CORP.
Condensed Interim Consolidated Statements of Financial Position (Unaudited)
(Expressed in US dollars)

As At	**August 31, 2019**	May 31, 2019
	$	$
ASSETS		
Cash	**2,557,388**	3,007,394
Accounts receivable (Note 3)	**37,887**	37,142
Inventory (Note 4)	**325,497**	365,383
Prepaid expenses	**185,456**	297,956
	3,106,228	3,707,875
NON-CURRENT ASSETS		
Vehicle (Note 5)	**15,477**	16,426
Total assets	**3,121,705**	3,724,301
LIABILITIES		
Provision for indemnity (Note 11)	**-**	23,818
Accounts payable and accrued liabilities (Notes 6 and 10)	**99,345**	342,885
Short-term loans (Note 7)	**140,808**	140,203
Due to related parties (Note 9)	**72,848**	41,378
	313,001	548,284
NON-CURRENT LIABILITIES		
Vehicle loan	**14,137**	15,403
	327,138	563,687
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	**13,077,410**	13,037,694
Reserves	**943,131**	885,423
Accumulated other comprehensive loss	**(32,401)**	(111,653)
Deficit	**(11,193,573)**	(10,650,850)
	2,794,567	3,160,614
Total liabilities and shareholders' equity	**3,121,705**	3,724,301

Approved and authorized for issue by the board of directors on October 30, 2019 and signed on its behalf by:

/s/ Chris Miller	*/s/ Erik LeVang*
Chris Miller, Director	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 three months ended August 31, 2019 and 2018
(Expressed in US dollars)

	Three month period ended August 31,	
	2019	2018
	$	$
Revenue	**178,520**	19,133
Cost of sales	**(136,257)**	(13,874)
	42,263	5,259
General and administration expenses		
Depreciation	**949**	-
Corporate development	**452,937**	118,782
Consulting fees (Note 9)	**109,996**	115,866
Filing fees and regulatory fees	**2,059**	2,915
Office	**72,600**	77,455
Professional fees	**35,126**	40,990
Rent	**8,453**	9,132
Share-based payments (Note 8)	**57,708**	212,411
Freight and shipping	**54,352**	-
Travel	**14,035**	7,346
	(765,952)	(584,897)
Other items		
Gain on write off of accounts payable	**292,106**	-
Foreign exchange loss	**(68,877)**	(12,603)
Loss for the year	**(542,723)**	(592,241)
Other comprehensive loss		
Exchange differences related to the presentation currency	79,252	-
Loss and comprehensive loss for the period	**(467,471)**	(592,241)
Loss per share, basic and diluted	**(0.01)**	(0.01)
Weighted average number of shares outstanding - basic and diluted	**76,771,614**	49,990,545

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 three month period ended August 31, 2019 and 2018
(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)
Share-based compensation	-	-	-	212,411	-	212,411
Loss for the period	-	-	-	-	(592,241)	(592,241)
Balance, August 31, 2018	**49,990,545**	**7,580,368**	**-**	**459,827**	**(8,167,755)**	**(127,560)**
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	650,000	39,716	-	-	-	39,716
Accumulated other comprehensive income	-	-	79,252	-	-	79,252
Share based compensation	-	-	-	57,708	-	57,708
Loss for the period	-	-	-	-	(542,723)	(542,723)
Balance, August 31, 2019	**76,957,170**	**13,077,410**	**(32,401)**	**943,131**	**(11,193,573)**	**2,794,567**

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 three month period ended August 31, 2019 and 2018
Expressed in US Dollars, unless otherwise stated

	2019	2018
Cash flows used in operating activities	$	$
Loss for the period	**(542,723)**	(592,241)
Item not affecting cash:		
Depreciation	**949**	-
Gain on write off of accounts payable	**(292,106)**	-
Share-based payments	**57,708**	212,411
Changes in non-cash working capital items:		
Accounts receivable	**(745)**	(7,799)
Prepaid expense	**112,500**	58,157
Inventory	**39,886**	-
Provision for indemnity	**-**	814
Accounts payable and accrued liabilities	**56,218**	(12,075)
Short-term loan	**605**	(120)
Net cash flows used in operating activities	**(567,708)**	(340,853)
Cash flows from financing activities		
Shares issued from warrants exercised	**39,716**	-
Repayment of vehicle loan	**(1,266)**	-
Return of share capital	**-**	(29,250)
Due to related parties	**-**	(7,430)
Net cash flows from financing activities	**38,450**	(36,680)
Effects of foreign exchange on cash	**79,252**	-
Net decrease in cash	**(450,006)**	(377,533)
Cash, beginning of the period	**3,007,394**	852,436
Cash, ending of the period	**2,557,388**	474,903

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

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 1H2. 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.

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. (British Columbia) ("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 three-month period ended August 31, 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 consolidated financial statements.

3. ACCOUNTS RECEIVABLE

	August 31 , 2019	May 31, 2019
	$	$
GST receivable	22,338	19,545
Accounts receivable	15,549	17,597
	37,887	37,142

Expressed in US Dollars, unless otherwise stated

4. INVENTORY

	August 31, 2019	May 31, 2019
	$	$
Raw material	32,464	108,987
Work in progress or finished goods	293,033	256,396
	325,497	365,383

5. VEHICLE

	Vehicle	**Total**
	$	**$**
Cost:		
Balance, May 31, 2019	18,972	18,972
Additions	**-**	**-**
Balance, August 31, 2019	**18,972**	**18,972**
Accumulated amortization:		
Balance, May 31, 2019	2,546	2,546
Charge for the period	**949**	**949**
Balance, August 31, 2019	**3,495**	**3,495**
Net book value:		
Balance, May 31, 2019	16,426	16,426
Balance, August 31, 2019	**15,477**	**15,477**

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2019	May 31, 2019
	$	$
Accounts payable	63,125	299,597
Accrued liabilities	36,220	43,288
	99,345	342,885

7. SHORT TERM LOANS

	August 31, 2019	May 31, 2019
	$	$
Loans owed to former related party	14,291	14,046
Loan owed to contracted consultant	126,517	126,157
	140,808	140,203

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

Expressed in US Dollars, unless otherwise stated

8. SHARE CAPITAL

Authorized - unlimited number of common shares without par value.

Share issuances

During the period ended August 31, 2019, the Company issued 650,000 common shares pursuant to warrant exercises for gross proceeds of $39,716 (C$52,500).

The Company did not issue any shares during the three month period ended August 31, 2018.

Stock options

The Company grants stock options ("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 August 31, 2019:

On February 20, 2019, the Company granted 1,000,000 stock options with an exercise price of C$0.30 per common 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 August 31, 2019, the number of exercisable options was 1,000,000. During the three-month period ended August 31, 2019, the Company recognized share based compensation was $22,938 (C $30,321).

On February 22, 2019, the Company granted 1,500,000 stock options with an exercise price of C$0.28 per common 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 August 31, 2019, the number of exercisable options was 843,330. During the three-month period ended August 31, 2019, the Company recognized share based compensation was $34,770 (C $45,963).

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, August 31, 2019 and May 31, 2019	3,783,333	0.27

Expressed in US Dollars, unless otherwise stated

8. SHARE CAPITAL (CONTINUED)

Stock options (Continued)

Information regarding stock options outstanding as at August 31, 2019 is as follows:

Number of options outstanding	Number of options exercisable	Exercise price		Expiry date	Weighted Average Remaining Life (years)
50,000	25,000	C$	0.38	May 15, 2021	1.71
1,100,000	1,100,000	C$	0.20	April 30, 2020	0.67
300,000	300,000	C$	0.37	November 29, 2020	1.25
1,000,000	1,000,000	C$	0.30	February 19, 2021	1.47
1,333,333	843,330	C$	0.28	February 21, 2021	1.48
3,783,333	3,268,330				

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	(650,000)	(0.08)
Balance at August 31, 2019	30,892,280	0.26

Information regarding share purchase warrants outstanding at August 31, 2019 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	0.65
2,377,505	0.10	April 25, 2020	0.65
8,858,172	0.50	March 20, 2020	0.55
7,031,603	0.35	October 11, 2021	2.12
30,892,280			0.78

Expressed in US Dollars, unless otherwise stated

9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the three month period ended August 31, 2019:

	August 31, 2019 $	August 31, 2018 $
Consulting fees paid or accrued to the CEO	27,000	32,750
Advisory and accounting fees paid to a private company jointly controlled by the CFO	11,347	-
Consulting fees paid to the former CFO	-	7,634
Consulting fees paid or accrued to the CFO	11,347	-
Share based compensation paid to directors and officers	11,469	212,411
	61,163	252,795

As at August 31, 2019 $72,848 (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.

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.

Expressed in US Dollars, unless otherwise stated

10. FINANCIAL INSTRUMENTS (CONTINUED)

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 August 31, 2019, the amount owed is $Nil.

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.

APPENDIX B

KOIOS BEVERAGE CORP.

Management's Discussion & Analysis
for the **three** month period ended **August 31, 2019**

KOIOS BEVERAGE CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED
AUGUST 31, 2019 AND 2018
(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 October 30, 2019. The information herein should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended August 31, 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".

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 1H2. 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 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 4,300 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. 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 started production of its "Fit Soda" ™ line of beverages 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 flavors: Strawberry Shortcake, Apricot Vanilla, Peach Mango, Berry Genius, Blood Orange and Pear Guava.

HIGHLIGHTS – DISTRIBUTION

During fiscal 2019, the Company had significant success in building a vast distribution network across the United States. Of significance, the Company secured distribution with GNC Holdings Inc. ("GNC") and Walmart Inc. ("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. 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. Walmart is a multinational retail giant that operates a chain of hyper markets, discount department stores and grocery stores across the globe.

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 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.

HIGHLIGHTS – DISTRIBUTION

On June 11, 2019, the Company announced its 2019 partnership with the historic Red Rocks Amphitheatre and the City of Denver, Colorado. The Company is one of the sponsors for "Yoga on the Rocks," "Barre on the Rocks", "SnowShape" and the "Five Points Jazz Festival".

On June 12th, 2019, the Company announced that 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 decided to formulate a sixth new and exciting flavor.

On June 20, 2019, the Company announced that 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 franchised 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™ became available in 400 retail stores across the United States no later than the end of September, 2019.

Products at the Company's distributors have found success within the market and demand for the Company's products remains 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 flavors, as well as contemplate and implement new product offerings.

As at August 31, 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

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 for our shareholders. The Company raised considerable funds in Fiscal 2019, and the Company continues to watch its cash flow to maintain operations as operations ramp up. The Company intends to utilize funds raised during fiscal 2019 to pursue potential opportunities and fund operations.

During the three-month period ended August 31, 2019, the Company raised $39,716 pursuant to the exercise of 650,000 warrants.

Expressed in US Dollars, unless otherwise stated

RESULTS OF OPERATIONS

	Three month period ended August 31,	
	2019	2018
	$	$
Revenue	178,520	19,133
Cost of sales	(136,257)	(13,874)
	42,263	5,259
General and administration expenses		
Depreciation	949	-
Corporate development	452,937	118,782
Consulting fees	109,996	115,866
Filing fees and regulatory fees	2,059	2,915
Office	72,600	77,455
Professional fees	35,126	40,990
Rent	8,453	9,132
Share-based payments	57,708	212,411
Freight and shipping	54,352	-
Travel	14,035	7,346
	(765,952)	(584,897)
Other items		
Gain on write off of accounts payable	292,106	-
Foreign exchange loss	(68,877)	(12,603)
Loss and comprehensive loss	(542,723)	(592,241)

For the three month period ended August 31, 2019

For the period ended August 31, 2019, the Company incurred a loss of $542,723 (2018 – $592,241). 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 $452,937 from $118,782. 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 $109,996 from $115,866 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 $57,708 from $212,411 as the Company granted stock options to directors, officers and consultants.
- Freight and shipping increased to $54,352 from $Nil, as the Company incurred fees to ship product from the Company's warehouse center to its various distribution partners.
- Travel increased to $14,035 from $7,346 as the Company incurred fees to market the Company's product around North America.
- Gain on write off of accounts payable increased to $292,106 from $Nil, as the Company deemed several historical vendor balances were no longer payable.

Expressed in US Dollars, unless otherwise stated

Revenue Analysis

	For the three month period ended August 31,	
	2019	**2018**
	$	**$**
Sales	**178,520**	19,133
Cost of goods sold	**(136,257)**	(13,874)
Gross profit	**42,263**	5,259
Gross profit %	**24%**	25%

- The Company's wholly owned subsidiary, Koios, sells nootropic beverages. The Company intends to utilize its distribution channels to facilitate significant revenue growth. The Company's sales growth of $178,520 from $5,259 is a result of the Company's beginning to obtain traction in the health and food market across North America.
- Cost of sales include all expenditures related to the product. This includes ingredients and manufacturing costs.
- Sales increased significantly, quarter over quarter, from $19,133 to $178,520, an increase of 830%. The Company has made significant strides in its distribution since August 31, 2018, and the Company has secured distributors like Walmart and GNC.
- During fiscal 2019 and due to the significant demand from GNC and Walmart, production cost was higher than expected. The Company notes that the gross profit between Q4 2019 and Q1 of 2020 has increased by 19%. The Company is still working to sell its high cost product. As of this MD&A, the Company's blended gross margin is approximately 30 to 35%.

SUMMARY OF QUARTERLY RESULTS

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

	Three month period ended August 31, 2019	Three month period ended May 31, 2019	Three month period ended February 28, 2019	Three month period ended November 30, 2018
	$	$	$	$
Total assets	3,121,705	3,724,301	1,061,938	1,143,888
Working capital	2,793,227	3,159,591	385,833	507,084
Shareholders' equity	2,794,567	3,160,614	385,833	507,084
Revenue	178,520	186,658	20,185	16,464
Gross profit	42,263	8,761	9,615	1,860
Net loss and comprehensive loss	(542,723)	(1,069,422)	(386,867)	(1,077,699)
Loss per share	(0.01)	(0.01)	(0.01)	(0.02)

	Three month period ended August 31, 2018	Three month period ended May 31, 2018	Three month period ended February 28, 2018	Three month period ended November 30, 2017(a)
	$	$	$	$
Total assets	496,009	923,900	C2,315,164	C2,310,842
Working capital (deficiency)	(127,560)	281,520	C1,960,869	C1,956,275
Shareholders' equity (deficiency)	(127,560)	281,520	C1,960,869	C1,956,275
Revenue	19,133	-	-	-
Gross profit	5,259	-	-	-
Loss and comprehensive loss	(592,241)	-	C(75,956)	C112,408
Loss per share	(0.01)	-	C(0.01)	C0.02

Expressed in US Dollars, unless otherwise stated

SUMMARY OF QUARTERLY RESULTS (CONTINUED)

The amount and timing of expenses and availability of capital resources vary substantially from quarter to quarter, depending on the level of demand, 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 with expertise to assist with the execution the Company's business plan and it has signed multiple distribution agreements.

The Company experienced significant revenue growth quarter over quarter, increasing 830% since Q1 of 2018. The Company continues to seek distribution partners for its products to gain traction throughout the market. The Company has a strong working capital position of $2,793,227 from its most recent financing, which 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 August 31, 2019 and May 31, 2019 were as follows:

	August 31, 2019	May 31, 2019
	$	$
Working capital	**2,793,227**	3,159,591
Deficit	**(11,193,573)**	(10,650,850)

The balance of cash available at August 31, 2019 was $2,557,388 (May 31, 2019 - $3,159,591) with a working capital of $2,793,227 (2019 - $3,159,591).

The improvement of the Company's working capital situation during the period ended August 31, 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 that its 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 favorable. 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.

Expressed in US Dollars, unless otherwise stated

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Liquidity and capital resources – Operating activities

Net cash used in operating activities for the period ended was $567,708 (2018 - $340,853). 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 August 31, 2019 was $38,450 (2018 – ($36,680). During the three-month period ended August 31, 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.

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 August 31, 2019:

	August 31, 2019 $	August 31, 2018 $
Consulting fees paid or accrued to the CEO	27,000	32,750
Advisory and accounting fees paid to a private company jointly controlled by the CFO	11,347	-
Consulting fees paid to the former CFO	-	7,634
Consulting fees paid or accrued to the CFO	11,347	-
Share based compensation paid to directors and officers	11,469	212,411
	61,163	252,795

As at August 31, 2019 $72,848 (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 August 31, 2019.

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.

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	76,957,170
Stock options	3,783,333
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.

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.

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.

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.

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.