

Silo Wellness Inc. (formerly Yukoterre Resources Inc.)

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended January 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian Dollars)

Silo Wellness Inc. (formerly Yukoterre Resources Inc.)

NOTICE OF NO AUDITOR REVIEW OF INTERIM 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 financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim 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 financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Silo Wellness Inc. (formerly Yukoterre Resources Inc.)

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

As at:	January 31, 2021	October 31, 2020
ASSETS		
Current		
Cash	\$ 20,471	\$ 7,419
Amounts receivable (Note 4)	13,631	17,500
Prepaid expenses	540	7,350
Total current assets	34,642	32,269
Total assets	\$ 34,642	\$ 32,269
LIABILITIES		
Current		
Trade payables and accrued liabilities (Note 6,10)	\$ 266,446	\$ 234,640
Loans payable (Note 7)	62,077	11,695
Total current liabilities	328,523	246,335
EQUITY		
Share capital (Note 8(b))	676,957	676,957
Contributed surplus (Note 9)	82,979	82,979
Deficit	(1,053,817)	(974,002)
Shareholders' (deficiency) equity	(293,881)	(214,066)
Total liabilities and equity	\$ 34,642	\$ 32,269

Nature and continuance of operations (Note 1)

Commitments and contingencies (Note 11)

Subsequent events (Note 14)

APPROVED ON BEHALF OF THE BOARD

Signed "Mike Arnold", DIRECTOR

Signed "Mo Yang", DIRECTOR

See accompanying notes to the condensed interim financial statements

Silo Wellness Inc. (formerly Yukoterre Resources Inc.)

Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

For the three months ended	January 31, 2021	January 31, 2020
Expenses		
Consulting and management fees (Note 10)	\$ 52,034	\$ 30,866
Professional fees	7,500	3,000
General office expenses	19,899	10,517
Loss before the undernoted items	79,433	44,383
Interest expense (Note 7)	382	-
Loss and comprehensive loss for the period	\$ 79,815	\$ 44,383
Basic and diluted loss per share	\$ 0.02	\$ 0.01
Weighted average number of common shares outstanding - basic and diluted	5,260,270	5,260,270

See accompanying notes to the condensed interim financial statements

**Silo Wellness Inc. (formerly
Yukoterre Resources Inc.)**

Condensed Interim Statements of Shareholders' (Deficiency) Equity

(Expressed in Canadian dollars)

(Unaudited)

	Common Shares		Contributed Surplus	Accumulated Deficit	(Deficiency) Equity
	#	\$	\$	\$	\$
Balance, October 31, 2020	5,260,270	676,957	82,979	(974,002)	(214,066)
Loss and comprehensive loss for the period	-	-	-	(79,815)	(79,815)
Balance, January 31, 2021	5,260,270	676,957	82,979	(1,053,817)	(293,881)
Balance, October 31, 2019	5,260,270	676,957	91,176	(317,812)	450,321
Loss and comprehensive loss for the period	-	-	-	(44,383)	(44,383)
Balance, January 31, 2020	5,260,270	676,957	91,176	(362,195)	405,938

See accompanying notes to the condensed interim financial statements

**Silo Wellness Inc. (formerly
Yukoterre Resources Inc.)**

Condensed Interim Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

For the years ended	January 31, 2021	January 31, 2020
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Net loss for the period	\$ (79,815)	\$ (44,383)
Items not involving cash:		
Accrued interest on loans payable (Note 7)	382	-
	(79,433)	(44,383)
Net change in non-cash working capital	42,485	(23,818)
Net cash flows (used in) operating activities	(36,948)	(68,201)
FINANCING ACTIVITIES		
Loan proceeds (Note 7)	50,000	-
Net cash flows provided by financing activities	50,000	-
CHANGE IN CASH DURING THE PERIOD	13,052	(68,201)
CASH, beginning of the period	7,419	85,392
CASH, end of the period	\$ 20,471	\$ 17,191

See accompanying notes to the condensed interim financial statements

Silo Wellness Inc. (formerly Yukoterre Resources Inc.)

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2021 and 2020

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Yukoterre Resources Inc. (formerly 2560344 Ontario Inc.) (the “Company”) was incorporated under the laws of the Province of Ontario, Canada by Articles of Incorporation, dated February 8, 2017, and on October 25, 2017 was renamed Yukoterre Resources Inc. The principal activity of the Company was the exploration and evaluation of coal. Common shares of the Company were approved for listing on the Canadian Securities Exchange on September 20, 2019 and traded under the symbol YT.

On March 1, 2021, the Company announced that it had successfully completed its amalgamation agreement (the “Amalgamation Agreement”) with FlyOverture Equity Inc., operating as Silo Wellness (“Silo”), and 1261466 BC Ltd. (“Yukoterre Subco”), a wholly-owned subsidiary of the Company, which was incorporated on August 14, 2020. Completion of the transactions contemplated in the Amalgamation Agreement result in the reverse takeover (“RTO”) of the Company by Silo. The transaction constitutes a “Fundamental Change” of the Company, as defined by the policies of Canadian Securities Exchange (the “CSE”). On February 26, 2021, the Company changed its name to Silo Wellness Inc. and the common shares commenced trading on March 5, 2021 under the new ticker symbol SILO.

Pursuant to the RTO, the Company indirectly acquired, through an amalgamation with its wholly owned subsidiary, all of the issued and outstanding securities of FlyOverture Equity Inc. in exchange for common shares of the Company (the “Resulting Issuer Shares”) on a one-for-one basis. Immediately prior to the completion of the RTO, the Company completed a consolidation of all of its issued and outstanding common shares on the basis of two pre-consolidation common shares for one post-consolidation common share and disposed of its holdings of mining leases and claims in the Division Mountain Property to an arms-length third party.

The Company’s head office is located at 65 Queen Street West, 9th floor, Toronto, Ontario, M5H 2M5, Canada.

Going concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Company does not have any operating assets that generate revenues, does not have proven reserves and incurred a net loss of \$79,815 during the three months ended January 31, 2021 (three months ended January 31, 2020 - \$44,383). As at January 31, 2021, the Company had a working capital deficit of \$293,881 (October 31, 2020 – \$214,066) and an accumulated deficit of \$1,053,817 (October 31, 2020 - \$974,002). These conditions indicate the existence of material uncertainties which cast significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent on the Company’s ability to obtain additional financing if, as and when required.

These financial statements do not give effect to adjustments that would be necessary and could be material to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

Novel Coronavirus (“COVID-19”)

The Company’s operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company’s operations and ability to finance its operations.

Silo Wellness Inc. (formerly Yukoterre Resources Inc.)

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2021 and 2020

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION

The following is a summary of significant accounting policies used in the preparation of these financial statements.

Statement of compliance

The accompanying condensed interim financial statements have been prepared by management in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting and do not include all the disclosures required in full annual financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements should be read in conjunction with the Company's financial statements for the year ended October 31, 2020.

Basis of presentation

The condensed interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed interim financial statements are presented in Canadian dollars unless otherwise noted. These condensed interim financial statements were approved and authorized by the Board of Directors of the Company on March 30, 2021.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies

The unaudited condensed interim financial statements were prepared using the same accounting policies and methods as those used in the Company's financial statements for the year ended October 31, 2020.

4. AMOUNTS RECEIVABLE

The amounts receivable balance as at January 31, 2021 and October 31, 2020, consisted of amounts receivable from the Government of Canada for Harmonized Sales Taxes (HST).

	January 31, 2021	October 31, 2020
Government of Canada HST	\$ 13,631	\$ 17,500
Total	\$ 13,631	\$ 17,500

5. EXPLORATION AND EVALUATION ASSET

Incurring during the years ended:	October 31, 2020
Description	
Consulting and technical	\$ -
Travel	-
Reports	-
Drilling and assay	-
Total exploration and evaluation asset	\$ -
Balance as at October 31, 2019	\$ 424,707
Impairment	(424,707)
Balance as at October 31, 2020 and January 31, 2021	\$ -

As at October 31, 2020, the Company fully impaired its exploration and evaluation asset as it intended to change its business and not conduct further activities on the asset. See Note 1.

Silo Wellness Inc. (formerly Yukoterre Resources Inc.)

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2021 and 2020

(Expressed in Canadian dollars)

6. TRADE PAYABLES AND ACCRUED LIABILITIES

As at:	January 31, 2021	October 31, 2020
Trade payables	\$ 245,446	\$ 201,640
Accrued liabilities	21,000	33,000
Total trade payable and accrued liabilities	\$ 266,446	\$ 234,640

Trade payables and accrued liabilities are generally unsecured and non-interest bearing and are expected to be settled on 30 to 60-day terms.

7. LOANS PAYABLE

The Company entered into various loan agreements with 2227929 Ontario Inc. in September and October 2020 for \$8,000 in unsecured loans to the Company. These loans were unsecured and had an interest rate of 12%. The Company shall repay the loans in full no later than 18 months from the issuance dates, and the Company may repay the loans at any time prior to the end of the term.

On August 13, 2020, the Company entered into a loan agreement with Forbes & Manhattan Inc. for \$3,500. The loan was unsecured and had an interest rate of 12%. The Company shall repay the loan in full no later than 18 months from the issuance date, and the Company may repay the loan at any time prior to the end of the term.

On November 16, 2020, the Company received a loan from FlyOverture Equity Inc. for \$50,000. The loan was unsecured and is due on demand.

8. CAPITAL STOCK

a. Authorized

Unlimited number of common shares, without par value

Immediately prior to the completion of the RTO, the Company completed a consolidation of all of its issued and outstanding common shares on the basis of two pre-consolidation common shares for one post-consolidation common share. The principal effects of the consolidation is that the number of shares of the Company issued and outstanding was consolidated from 10,520,541 existing common shares prior to consolidation to 5,260,270 new common shares after consolidation. The consolidation of common shares, options and related share amounts have been reflected retrospectively in these financial statements.

b. Common shares issued

	Number of shares	Stated value \$
Balance as of October 31, 2019 and 2020 and January 31, 2021	5,260,270	\$ 676,957

Pursuant to an escrow agreement (the "Escrow Agreement") made as of June 26, 2019, among the Company, the Escrow Agent and certain Principals of the Company, the Principals agreed to deposit in escrow their 1,280,270 common shares (the "Escrowed Securities") with the Escrow Agent. The Escrow Agreement provides that 10% of the Escrowed Securities will be released from escrow upon the Listing Date and that, where there are no changes to the Common Shares initially deposited and no additional Escrow Securities, the remaining Escrowed Securities will be released in equal tranches of 15% every 6 month interval thereafter, over a period of 36 months. As at January 31, 2021, 1,280,270 (October 31, 2020 – 1,280,270) shares remain in escrow.

Silo Wellness Inc. (formerly Yukoterre Resources Inc.)

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2021 and 2020

(Expressed in Canadian dollars)

9. OPTIONS

Immediately prior to the completion of the RTO, the Company completed a consolidation of all of its issued and outstanding common shares on the basis of two pre-consolidation common shares for one post-consolidation common share. The consolidation of options has been reflected retrospectively in these financial statements.

The Company has a stock option plan whereby it may grant options for the purchase of common shares to any director, officer or consultant of the Company. The aggregate number of shares that may be issuable pursuant to options granted under the Company's stock option plan will not exceed 10% of the issued common shares of the Company (the "Shares") at the date of grant. The options are non-transferable and non-assignable and may be granted for a term not exceeding five years. The exercise price of the options will be determined by the board at the time of grant, but in the event that the Shares are traded on the Canadian Security Exchange or any other stock exchange (the "Exchange"), may not be less than the closing price of the Shares on the Exchange on the trading date immediately preceding the date of grant, subject to all applicable regulatory requirements.

Information relating to share options outstanding as at January 31, 2021 is as follows:

	Number of Options	Weighted average exercise price
Balance, October 31, 2019	647,500	\$ 0.20
Expired	(55,000)	0.20
Balance, October 31, 2020 and January 31, 2021	592,500	\$ 0.20

Date of expiry	Options outstanding	Options exercisable	Exercise price	Grant date fair value vested	Remaining life in years
September 24, 2021	122,500	122,500	\$0.20	\$ 12,931	0.90
September 25, 2024	470,000	470,000	\$0.20	70,048	3.90
	592,500	592,500		\$ 82,979	3.28

On September 24, 2019, the Company granted 122,500 compensation options to PI Financial Corp. with an exercise price of \$0.20 per common share in relation to its Initial Public Offering ("IPO"). The fair market value of the options was estimated to be \$12,931 using the Black Scholes option pricing model based on the following assumptions: risk-free rate of 1.52%, expected volatility of 100%, an estimated life of 2 years and an expected dividend yield of 0%.

On September 25, 2019, the Company granted 525,000 options to directors, officers and consultants of the Company with exercise price of \$0.20 per common share. The fair market value of the options was estimated to be \$78,245 using the Black Scholes option pricing model based on the following assumptions: risk-free rate of 1.34%, expected volatility of 100%, an estimated life of 5 years and an expected dividend yield of 0%. During the year ended October 31, 2020, 55,000 of these stock options expired upon the departure of a consultant. An amount of \$8,197 was reversed from contributed surplus and charged to deficit.

Silo Wellness Inc. (formerly Yukoterre Resources Inc.)

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2021 and 2020

(Expressed in Canadian dollars)

10. RELATED PARTY DISCLOSURES

Key management personnel compensation

In addition to their contracted fees, directors and officers also participate in the Company's share option program. Certain executive officers are subject to termination notices of 24 months and change of control contingent provisions (Note 14). Key management personnel compensation comprised:

For the years ended:	January 31, 2021	January 31, 2020
Directors and officers' compensation	\$ 32,100	\$ 15,900
	\$ 32,100	\$ 15,900

The Company entered into loan agreements with 2227929 Ontario Inc. 2227929 Ontario Inc. is a company wholly owned by Fred Leigh, who has been a director of the Company since January 14, 2019. In September and October 2020, 2227929 Ontario Inc. advanced loans of \$8,000 (See Note 7). During the three months ended January 31, 2021, the Company incurred expenses for consulting, rent and promotion services in the amount of \$9,000 (three months ended January 31, 2020 – nil) from 2227929 Ontario Inc.

As at January 31, 2021, \$108,005 (October 31, 2020 - \$64,013) was owing to related parties and was included in trade payables and accrued liabilities, and are unsecured, non-interest bearing and due on demand.

11. COMMITMENTS AND CONTINGENCIES

Management contracts

The Company is party to certain management contracts. Currently, these contracts require payments of \$190,800 as at January 31, 2021 (October 31, 2020 - \$190,800) to be made upon the occurrence of a change in control to the officers of the Company. The Company is also committed to payments upon termination of approximately \$131,700 (October 31, 2020 - \$131,700) pursuant to the terms of these contracts. As a triggering event has not taken place, these amounts have not been recorded in these condensed interim financial statements. During the year ended October 31, 2020, management signed settlement agreements whereby pursuant to the Proposed Transaction with FlyOverture Equity Inc. as disclosed in Note 1, the consultants would resign. As consideration for delivering their resignation, the Company shall issue to the management consultants 763,200 common shares of the Company in full and final satisfaction of the change in control provisions. There can be no assurances that the Proposed Transaction will be completed as disclosed or at all and therefore, no amounts have been recorded related to the control settlement arrangements. See Note 14.

Contingencies

Coal operations are subject to extensive controls and regulations imposed by various levels of government that may be amended from time to time. The Company's operations may require licenses and permits from various governmental authorities in the countries in which it operates. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development of its projects.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions. Subsequent to January 31, 2021, the Company disposed of all of its exploration and evaluation properties.

Environmental

The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations. Subsequent to January 31, 2021, the Company disposed of all of its exploration and evaluation properties.

Silo Wellness Inc. (formerly Yukoterre Resources Inc.)

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2021 and 2020

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

The Company's financial instruments as at January 31, 2021, consisted of cash, amounts receivable, trade payables and accrued liabilities and loans payable and the amounts reflected in the statement of financial position approximate fair value due to the short-term maturity of these instruments (except loans payable) and the interest rate approximating market rate for the loans payable.

Financial instruments recorded at the reporting date at fair value are classified into one of three levels based upon the fair value hierarchy. Items are categorized based on inputs used to derive fair value based on:

Level 1 - quoted prices that are unadjusted in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in level 1 that are observable for the asset/liability either directly or indirectly; and

Level 3 - inputs for the instruments are not based on any observable market data.

The Company has no financial instruments subsequently measured at fair value.

Risk management overview

The Company has exposure to credit, liquidity and market risks from its use of financial instruments. This note provides information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and receivables. Cash is held with a reputable Canadian financial institution, from which management has assessed an insignificant loss allowance is appropriate.

The carrying amount of amounts receivable represents the maximum credit exposure. As at January 31, 2021, the Company's total receivable was \$13,631 (October 31, 2020 – \$17,500) from the Government of Canada for Harmonized Sales Taxes (HST). There were no derivative instruments held at January 31, 2021 and October 31, 2020.

Market risk

Market risk is the risk that changes in market conditions, such as commodity prices, interest rates, and foreign exchange rates, will affect the Company's net income or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing the Company's returns.

(i) Commodity price risk

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for coal are impacted by not only the relationship between the Canadian and United States dollar, as outlined below, but also global economic events that dictate the levels of supply and demand. Lower commodity prices can also reduce the Company's ability to raise capital. As the Company is not generating revenues, commodity price risk does not directly impact the Company's financial results.

Silo Wellness Inc. (formerly Yukoterre Resources Inc.)

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2021 and 2020

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market risk (continued)

(ii) Foreign exchange risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates.

As at January 31, 2021 and October 31, 2020, the Company had the following asset denominated in foreign currency:

January 31, 2021	USD\$
Cash at bank	20
	20

October 31, 2020	USD\$
Cash at bank	20
	20

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with the financial liabilities. The Company's financial liabilities consist of trade payables and accrued liabilities and loans payable. As at January 31, 2021, the Company had a cash balance of \$20,470 (October 31, 2020 - \$7,419) to settle current liabilities of \$266,446 (October 31, 2020 - \$246,335). Most of the Company's financial liabilities have maturities of less than 30 days and are subject to normal trade terms.

The Company prepares annual capital expenditure budgets, which are monitored and updated as considered necessary. Financial modeling is used to provide economic outlooks and the Company utilizes authorizations for expenditures on projects to monitor capital expenditures.

Trade payables consists of invoices payable to trade suppliers for administration expenditures. The Company processes invoices within a normal payment period. Trade payables have contractual maturities of less than one year.

Sensitivity analysis

The Company has, for accounting purposes, designated its cash and amounts receivable at amortized cost. Trade payables and accrued liabilities and loans payable are classified for accounting purposes at amortized cost. As of January 31, 2021, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the short term maturity of these instruments.

Silo Wellness Inc. (formerly Yukoterre Resources Inc.)

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2021 and 2020

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Sensitivity analysis (continued)

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Financial instrument classification	Carrying amount		Fair value	
		January 31, 2021	October 31, 2020	January 31, 2021	October 31, 2020
Financial assets:					
Cash	Amortized cost	\$ 20,470	\$ 7,419	\$ 20,470	\$ 7,419
Amounts receivable	Amortized cost	13,631	17,500	13,631	17,500
Financial liabilities:					
Trade payables and accrued liabilities	Amortized cost	266,466	234,640	266,466	234,640
Loans payable	Amortized cost	62,077	11,695	62,077	11,695

The sensitivity analysis shown in the notes below may differ materially from actual results. Based on management's knowledge of and experience with the financial markets, the Company believes the following movements are "reasonably possible" over a one year period:

- (i) Cash is subject to floating interest rates. As at January 31, 2021, if interest rates had decreased/increased by 1% with all other variables held constant, there would not have been a material impact to the loss for the three months ended January 31, 2021 given the low level of cash on hand throughout the year.
- (ii) Cash, accounts payable and provisions denominated in US dollars are subject to foreign currency risk. As at January 31, 2021, had the US dollar weakened/strengthened by 5% against the Canadian dollar with all other variables held constant, there would have been a change of approximately \$nil (October 31, 2020 - nil) in the Company's net loss.

13. CAPITAL MANAGEMENT

The Company considers the aggregate of its common shares, contributed surplus and deficit as capital. The Company's objective, when managing capital, is to ensure sufficient resources are available to meet day to day operating requirements and to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

At January 31, 2021, the Company has no cash-generating operations; therefore, the only source of cash flow is generated from financing activities or loans. The Company's officers and senior management are in the process of searching for additional business opportunities. Potential business activities are appropriately evaluated by senior management and a formal review and approval process has been established at the Board of Directors' level. The Company may enter into new financing arrangements to meet its objectives for managing capital, until such time as a viable business activity is operational and the Company can thereby internally generate sufficient capital to cover its operational requirements.

The Company's officers and senior management take full responsibility for managing the Company's capital and do so through quarterly meetings and regular review of financial information. The Company's Board of Directors is responsible for overseeing this process.

Silo Wellness Inc. (formerly Yukoterre Resources Inc.)

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2021 and 2020

(Expressed in Canadian dollars)

14. SUBSEQUENT EVENTS

REVERSE TAKE-OVER TRANSACTION

Subsequent to January 31, 2021, the Company announced that it has successfully completed its reverse take-over transaction (the "RTO") with FlyOverture Equity Inc. ("FlyOverture"). The common shares of the Company (the "Resulting Issuer Shares") commenced trading under the new ticker symbol "SILO" on March 5, 2021. Pursuant to the RTO, the Company indirectly acquired, through an amalgamation with its wholly owned subsidiary, all of the issued and outstanding securities of FlyOverture in exchange for common shares of the Company on a one-for-one basis. Immediately prior to the completion of the RTO, the Company completed a consolidation of all of its issued and outstanding common shares on the basis of two pre-consolidation common shares for one post-consolidation common share and disposed of its holdings of mining leases and claims in the Division Mountain Property to an arms-length third party.

PRIVATE PLACEMENT

Immediately prior to the closing of the RTO, \$2.5 million of gross proceeds from a previously announced brokered private placement financing (the "Sub Receipt Financing") of subscription receipts (the "Subscription Receipts") of FlyOverture were released to FlyOverture. Each Subscription Receipt automatically converted into one common share of FlyOverture (collectively, the "FlyOverture Shares") and one-half of one common share purchase warrant of FlyOverture exercisable at a price of \$0.33 (collectively, the "FlyOverture Warrants") for a period of 24 months from the date of the RTO. Subsequently, the FlyOverture Shares were exchanged for Resulting Issuer Shares and the FlyOverture Warrants were exchanged for common share purchase warrants of the Company (the "Resulting Issuer Warrants") in each case on a one-for-one basis pursuant to the terms of the amalgamation agreement dated as of August 25, 2020, as amended, among Silo Wellness, FlyOverture and a wholly owned subsidiary of the Company. Additionally, the approximately \$2.5 million gross proceeds from the previously announced non-brokered private placement of units (the "Units") of FlyOverture were released to FlyOverture pursuant to the closing of the RTO. Each Unit was comprised of one FlyOverture Share and one-half of one FlyOverture Warrant, and the FlyOverture Shares and the FlyOverture Warrants were exchanged for Resulting Issuer Shares and Resulting Issuer Warrants, in each case on a one-for-one basis pursuant to the terms of the Amalgamation Agreement.

CHANGE OF CONTROL PROVISIONS

Subsequent to January 31, 2021, the Company issued 763,200 common shares of the Company to officers of the Company in full and final satisfaction of the change in control provisions.

STOCK OPTIONS

Subsequent to January 31, 2021, the Company granted 4,000,000 stock options to certain directors, officers and consultants. The stock options vest immediately and may be exercised at a price of \$0.25 per common share for a period of five years from the date of issue.