SILO WELLNESS INC.

(FORMERLY YUKOTERRE RESOURCES INC.)

(Expressed in United States Dollars)

Management Discussion and Analysis for the three and six months ended April 30, 2021 and 2020

June 29, 2021

This Management's Discussion and Analysis ("MD&A") relates to the financial position and results of Silo Wellness Inc. (formerly Yukoterre Resources Inc.) (the "Company" or "Silo Wellness") for the three and six months ended April 30, 2021. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and six months ended April 30, 2021 and 2020 as well as the Company's audited consolidated financial statements and MD&A for the year ended October 31, 2020. Unless otherwise noted, all references to currency in this MD&A are in United States dollars.

All financial statement information discussed in this MD&A have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, 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 come due.

The Company's certifying officers are responsible for ensuring the financial statements do not contain any untrue statement of material fact or omit a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's officers certify that the financial statements fairly present, in all material respects, the financial condition, result of operations and cash flows, of the Company as of the date hereof. The Board of Directors approves the financial statements and ensures that management has discharged its financial responsibilities. The Board of Directors' review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

This MD&A is as of June 29, 2021. The reader should be aware that historical results are not necessarily indicative of future performance. Unless otherwise noted, all references to currency in this MD&A refer to United States dollars.

CAUTIONARY STATEMENT ON FORWARD LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking statements" for the purpose of applicable Canadian securities legislation. These statements reflect our management's expectations with respect to future events, the Company's financial performance and business prospects. All statements other than statements of historical fact are forward-looking statements. The use of the words "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "might", "plan", "possible", "potential", "predict", "project", "should", "would", and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated or implied in such forward-looking statements. The forward-looking information contained in this MD&A is presented for the purpose of assisting shareholders in understanding the Company's strategic priorities and objectives as at the periods indicated and may not be appropriate for other purposes. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. Circumstances affecting the Company may change rapidly. Except as may be required by applicable law, the Company does not undertake any obligation to update publicly or revise any such forward looking statements, whether as a result of new information, future events or otherwise. Unless otherwise indicated, these statements speak only as of the date of this MD&A.

Actual results could differ materially from those anticipated in forward-looking statements stated within the MD&A.

CORPORATE OVERVIEW

Silo Wellness (formerly Yukoterre Resources Inc. ("Yukoterre")) was incorporated under the laws of the Province of Ontario, Canada by Articles of Incorporation, dated February 8, 2017, and on February 26, 2021 was renamed Silo Wellness 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.

The Company offers a global company bridging modern science, current laws and indigenous traditions to make psychedelics available now. Silo Wellness has a diverse and growing portfolio of functional mushroom products (including under the Marley One™ brand), psychedelic wellness retreats in Jamaica and Oregon, cultivation of psychedelic mushrooms and truffles in Jamaica, development of a bricks and mortar smart shop in Jamaica, and intellectual property, focused initially on the commercialization of its metered-dosing psilocybin nasal spray. As at April 30, 2021 and October 31, 2020, the Company had only one reportable operating segment.

On March 1, 2021, the Company announced that it had successfully completed its amalgamation agreement (the "Amalgamation Agreement") with Silo Psychedelics Inc. (formerly FlyOverture Equity Inc.), operating as Silo Wellness ("Silo Psychedelics"), 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 Psychedelics. 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 Silo Psychedelics 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.

Silo Psychedelics was incorporated under the Business Corporations Act (British Columbia) on November 20, 2018. The Company's previous name was Eighteen Fifty Equity Inc., which was amended on June 27, 2019. The Company also has a subsidiary named SW Holdings, Inc. ("SW"), which was incorporated in State of Oregon, the United States.

SW Holdings Inc. is a company which holds a consulting contract with a psychedelic intellectual property startup company. Prior to the Acquisition, the Company purchased 15.55% of the common shares of SW for $29,000 in cash. On September 15, 2019, the Silo Psychedelics entered into a share exchange agreement with SW and its former shareholder, to acquire the remaining 84.45% of the common shares of SW, by issuing 3,937,500 Class A shares of the Company valued at $393,750. The fair value of the consideration is estimated based on a recent financing. The transaction is recorded as an asset acquisition and the Company recorded an intangible asset of $422,750 for the transaction.

SW was founded in Oregon and has been in the psychedelics and functional mushroom space since 2018 and ultimately formulated and announced a patent-pending psilocybin nasal spray in Jamaica in 2019. This metered-dosing delivery modality was created for consumer micro-dosing to address some of the primary issues that may prevent many from trying natural psychedelics for the first time, including dose reliability, taste, stomach upset, and stigma. The nasal spray bypasses the digestive system by entering the bloodstream through the nasal membranes.

In addition to its IP portfolio, Silo Wellness is focusing on consumer product and wellness center/retreat brand development for psychedelic and functional mushrooms. Its go-to-market revenue strategy includes scaling its United States Silo Reboot brand of functional mushrooms (via **www.SiloReboot.com**), launching the Marley One brand of functional mushrooms (via www.marleyone.com)and its magic mushroom cultivation and psychedelic retreat operations in Jamaica, ketamine assisted retreats in Oregon and pending 5-MeO-DMT retreats in Jamaica -(via **www.SiloRetreats.com**).

In 2019, Silo established a proof of concept of psilocybin metered-dose nasal spray in Jamaica. The nasal spray bypasses the digestive system by entering the bloodstream through the nasal membranes. In July 2019, through SW Holdings, it ~~Silo~~ filed provisional patent application for psilocybin nasal spray (Provisional Application No 62/870,722). In December 2019 Silo announced the development of psilocybin nasal spray in Jamaica. In July 2020, Silo filed nonprovisional utility patent application for "Metered Dosing Compositions and Methods of Use of Psychedelic Compounds" of which the psilocybin nasal spray is one product example. Non-provisional International Patent Application Number: PCT/US20/40826 filed pursuant to the Patent Cooperation Treaty.

Oregon's Measure 109 was on the November 2020 election ballot, and was passed by Oregon voters in the election authorizing the Oregon Health Authority to create a program to permit licensed service providers to administer psilocybin-producing mushroom and fungi products to individuals 21 years of age or older. Oregon becomes the first state in the United States to allow the use of psilocybin in therapy. The measure does not decriminalize psilocybin. It remains ~~is till~~ a Schedule I drug under federal rules and thus not approved for any medical uses. Instead, Measure 109 directs the Oregon Health Authority to create a state-licensed, psilocybin-assisted therapy program over the next two years and determine how it would regulate the ingredient. Ultimately the Measure allows therapists to use psilocybin to treat chronic mental health issues like PTSD and depression. Therapist also plan to use it to reduce anxiety for patients who are dying and to help people kick their additions. Psilocybin will not be available for purchase in stores. It will only be available through an extensive, three-session therapy system located in state-licensed clinics.

Since the legalization of psilocybin has been successful, Silo intends to offer psilocybin retreats in Oregon as well as pursue a clinical psilocybin-assisted counseling element with patients using the psilocybin nasal spray prior to sessions through either licensees or through Silo's own branded psilocybin service centers.

Silo Wellness anticipates that it will continue to grow its operations organically and by strategically integrating complementary businesses to its operations.

GOING CONCERN, COMPLETED RTO, RECENT FINANCING

These condensed interim consolidated financial statements have been prepared on the basis of accounting applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

During the six month period ended April 30, 2021, the Company funded its working capital requirements and its capital and operating expenditures through proceeds from debt and share issuances. There is no guarantee or 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. These material uncertainties cast significant doubt as to the Company's ability to continue as a going concern. As at April 30, 2021, the condensed interim consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities or the reported expenses and consolidated statement of financial position classifications that would be necessary should the going concern assumption be inappropriate. Such adjustments could be material.

The Company will need to secure additional financing in order to meet the Company's requirements for funding of the business plan and pay its obligations as they come due. There is no assurance that these initiatives will be successful. These conditions represent material uncertainties that may cast significant doubts about the Company's ability to continue as a going concern. These condensed interim financial statements do not reflect adjustments to the carrying value of assets and liabilities or reported expenses and balance sheet classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

The Company's ability to continue as a going concern has always depended on the ability of management to raise capital and issue debt in the market. The outcome of these initiatives cannot be predicted at this time.

In connection with completing the RTO, the Company completed a brokered private placement of subscription receipts of the Company ("Subscription Receipts") for gross proceeds of CAD $2.46 million ("Concurrent Financing"). Each Subscription Receipt converted into one unit of the Company ("Silo Unit"), which consists of one common share of the Company and one half of one common share purchase warrant in the capital of the Company. Each warrant shall be exercisable to acquire one common share of the Company at a price of CAD$0.33 for a period of 24 months.

In connection with the Concurrent Financing, the agent was entitled to receive a commission equal to 8% of the aggregate gross proceeds in cash or Subscription Receipts, and compensation warrants exercisable to acquire such number of Silo Units as its equal to 8% of the number of Subscription Receipts. Each compensation warrant will be exercisable to acquire one Silo Unit for a period of 24 months following the satisfaction of release conditions. In addition, the Company shall pay the agent a corporate finance fee equal to that number of Subscription Receipts which is equal to 5% of the aggregate number of Subscription Receipts.

On February 5, 2021, the Company announced the close of the above Subscription Receipt Financing. Additionally, Silo Wellness conducted a concurrent non-brokered private placement for gross proceeds of CAD$2,494,832 (the "Unit Financing" and together with the Sub Receipt Financing, the "Financing") of units (the "Units") at a price of CAD$0.25 per Unit.

In consideration for their services in connection with the Sub Receipt Financing, Silo Wellness agreed to (i) pay to the Agents a fee equal to 8.0% of the gross proceeds from the Sub Receipt Financing; (ii) pay to CGF a corporate finance fee equal to 5.0% of the aggregate number of Subscription Receipts issued pursuant to the Sub Receipt Financing; and (iii) issue to the Agents broker warrants (the "Broker Warrants") equal to 8.0% of the number of Subscription Receipts sold pursuant to the Sub Receipt Financing. In exchange for certain advisory services provided by the Agents to Silo Wellness, the Agents also received an advisory fee equal to $47,677. The net proceeds of the Financing, once released from escrow, are intended to be used by Silo Wellness to expand and grow the business of Silo Wellness and for working capital purposes.

DESCRIPTION OF THE BUSINESS

Silo Wellness was incorporated in 2018. The mission of Silo Wellness is to improve health and wellness by developing and introducing psychedelic medicine to reduce trauma and increase performance, by destigmatizing the active compounds in psychedelics and innovating ease of administration and ingestion. Silo intends to introduce new, safe, and affordable alternatives to current medicines by facilitating entry into new and emerging markets where psychedelics are legal, by conducting wellness retreats, including psilocybin retreats (psilocybin is a naturally occurring hallucinogen that is found in Psychedelic Mushrooms) in Jamaica and Ketamine-assisted wellness retreats in Oregon (Ketamine is a Schedule III controlled substance that is further described herein). Additionally, Silo Wellness intends, with a branding partner, to launch, sell and distribute a new brand of Functional Mushroom products that are free of psilocybin and other controlled substances adjacent to the existing Silo house brand of Functional Mushroom products.

Silo Wellness has earned very limited revenue to date, but instead has focused on the development of its three main platforms as follows:

1) Psilocybin-Free Functional Mushroom Tinctures

Silo Wellness has developed and launched an e-commerce online sales platform located at www.SiloReboot.com for psilocybin-free Functional Mushroom extracts, which are sold in solvent concentrations known as tinctures. In connection with the preparation of this website, Silo Wellness has established a manufacturing partner based in California and is testing its supply chain, extraction, bottling, packaging, order fulfillment relationships and infrastructure for such psilocybin-free Functional Mushroom tinctures, and has progressed in establishing an inventory of psilocybin-free products to be sold online. Silo Wellness has utilized this platform for research purposes to establish the system for co-packing, marketing and distribution that will be launched with a new licensed brand utilizing the proceeds from the Private Placement. The launch of its Functional Mushroom tinctures has been conducted to initiate preliminary market entry, gather data and optimize its processes in anticipation of launching products, both under its own name and with its branding partner. On November 20, 2020, the parties executed a definitive License Agreement with Marley Green LLC effective through July 31, 2025 with automatic renewal if total net sales during initial term exceed USD $15,000,000, and licensee is not otherwise in material breach. This infrastructure development has been accompanied by branding through viral social media coverage. As of August 2020, there were over 800,000 trackable organic social media reactions and shares of third party articles regarding Silo, generating considerable inbound links to www.SiloWellness.com. Silo intends to increase its sales and marketing activities following the Transaction and the implementation of its branding partnership. Silo entered into a License Agreement on November 20, 2020 with Marley Green LLC, an internationally known branding partner, a well-known cannabis and lifestyle brand with over 100 million social media followers (across all platforms). The License Agreement will provide recognizable branding for Silo Wellness's Functional Mushroom products as well as psilocybin micro-dosing products to be launched in the future. The License Agreement grants the use of the licensing partner's name and will establish a suite of brands adjacent to the Silo house brand of products. Silo intends to use US$500,000 of proceeds from its private placement (see subsequent events) as a royalty advance. Additionally, 2,000,000 Silo Shares were issued upon execution of this letter of intent. The License Agreement is effective through July 31, 2025 with automatic renewal if total net sales during the initial term exceed USD $15,000,000, and the licensee is not otherwise in material breach. The License Agreement permits the use of the name of the branding partner for products including psychedelic, medical or nutraceutical functional mushrooms in territories where such products are permitted by law. The License Agreement pays the branding partner royalties of 10% of net sales of licensed products, including guaranteed minimum royalties in the form of the GMR Payments during the term of the agreement. The agreement also has commitments by Silo for advertising, distribution and charitable payments.

2) Psilocybin-Based Nasal Spray
Silo Wellness has developed and finalized of the formulation of a psilocybin nasal spray in Jamaica, where such psychedelic compounds are legal. In addition, Silo Wellness has managed SW Holdings' IP related to this psilocybin nasal spray via the filing of provisional and non-provisional patent applications in the United States. Although psilocybin and other psychedelics substances are Schedule I controlled substances, there are no legal impediments to patent issuance for Schedule I controlled substances. The ability to patent inventions related to scheduled controlled substances was most evident in the cannabis industry that saw many issued patents following federal prohibition. For example, the United States federal government's own National Institute on Drug Abuse, the government agency responsible for studying and controlling drug abuse, was granted a patent in 2003 after their discovery that cannabinoids have some legitimate medical uses. See PCT/US99/08769 (Patent No. 6,630,507) (https://bit.ly/USPO6630507). An example of a metered-dosing patent in the cannabis space includes the now-expired 2003 issuance to Virginia Commonwealth University for Δ9-tetrahydrocannabinol (Δ9 THC) to be delivered by metered dose inhalers. See US09/273,766 (Patent No. 6,509,005B1) (https://patents.google.com/ patent/ US6509005B1).

3) Jamaican and Oregon Wellness Retreats and Jamaican Cultivation
In connection with the development the products outlined above, Silo has signed agreements to offer psilocybin retreats in Jamaica known as wellness retreats. These Jamaican retreats have been introduced through an online marketing platform found at www.SiloRetreats.com. Silo has an existing supply agreement and has also commenced cultivation, production and wholesale distribution in Jamaica of Psychedelic Mushrooms. Silo operates its Psychedelic Mushroom business solely in Jamaica. No psilocybin products or retreats are produced, sold or otherwise handled by Silo in the United States or any jurisdiction other than Jamaica. Additionally, Silo held its initial ketamine-assisted wellness retreat in Oregon under the care of Dr. Matthew Hicks, ND, MS from January 16 to 21, 2021. The Oregon ketamine-assisted wellness retreat establishes a United States base to meet the needs of those suffering from emotional, spiritual or psychological pain but unable to make a trip to Jamaica to experience psilocybin. The Oregon retreat was also marketed through www.SiloRetreats.com. In the United States, ketamine is a Schedule III controlled substance. Pursuant to 21 U.S. Code § 812(b)(3), Schedule III means the drug or substance has a low to moderate potential for physical and psychological dependence. Other examples of Schedule III substances include products containing less than 90 mg of codeine per dosage unit (e.g. Tylenol with Codeine), anabolic steroids, and testosterone. A Schedule III drug's abuse potential is less than Schedule I and Schedule II drugs but more than Schedule IV. To obtain ketamine, the prescribing physician must have an active Drug Enforcement Administration ("DEA") license. The sub anesthetic use of ketamine for certain mental health conditions is a permitted off-label use by a prescribing physician. The U.S. Food & Drug Administration (the "FDA") conducts a careful evaluation of the risks and benefits prior to approving a prescribed drug for so-called approved use. Unapproved uses of prescribed drugs are lawful and are often called "off label" use. This means that they can be legally used for a disease or medical condition that has not been approved by the FDA only if prescribed by a physician.1 This is a very common practice as one in five prescriptions in the United States are for off-label use.

KEY HIGHLIGHTS AND RECENT DEVELOPMENTS

Trading on the CSE

On March 5, 2021, the Company started trading of its common shares on the Canadian Securities Exchange ("CSE") under the ticker symbol "SILO".

Ehave partnership

On March 23, 2021, the Company and Ehave, Inc. (OTC Pink: EHVVF), a provider of digital therapeutics for the psychedelic and mental health sectors, announced plans to collaborate on a data- study in coordination with select volunteer participants of Silo Wellness' Jamaican psilocybin-facilitated wellness retreats. The study will focus on studying transitions in and out of the altered state of consciousness caused by psychedelic molecules and offer a safe and powerful means of advancing knowledge on the neurobiology of non-ordinary conscious states. Advancing the understanding of the neurobiological underpinnings of immersive states of consciousness could ultimately help researchers find better treatment approaches for diseases such as chronic pain, depression (major and persistent), bipolar disorder, general anxiety, ADHD and Schizophrenia. Ehave's proprietary dashboard will be used to collect and sort data from the brain mapping study. Ehave will integrate Brain Scientific's NeuroCap and NeuroEEG to acquire data from participants in real time. The study with Silo Wellness will allow Ehave to deploy NeuroCap and NeuroEEG in order to capture the data around the electrophysiological changes in brain pre-, mid-, and post-psychedelic drug administration. This will allow researchers to measure the efficacy of psychedelic molecules on various mental health indications that might open new doorways for psychedelic research and development of molecules to address various mental health disorders with great precision and efficiency. Ehave will be responsible for collecting and sorting data from the brain mapping study with its Ehave Dashboard. Ehave will also be responsible for designing the protocol for the brain mapping study, finalizing the principal investigator and medical monitor, providing the EEG equipment, as well as training the ground staff in Jamaica to handle the EEG equipment. In addition to developing and facilitating the psilocybin-assisted wellness retreat agenda, Silo Wellness will be responsible for procuring the retreat sites for the brain mapping study to take place in Jamaica. Silo Wellness will also be responsible for facilitating the administration of psilocybin and its derivatives in natural variants.

Trading on the Frankfurt exchange

On April 9, 2021, the Company started trading its common shares on the German Börse Frankfurt (FRA) exchange platform. under ticker symbol 3K70 and registered under WKN: A2QQTP and/or ISIN: CA8271241082.

Patent licensing agreement with JungleMed Inc.

On April 15, 2021, the Company signed a binding Letter of Intent ("LOI") for a multi-year patent licensing agreement with Jungle Med Inc. ("Jungle Med"), a human health and wellness company with operations in Latin America, to exclusively manufacture, promote, advertise, distribute and sell the patent-pending, metered-dosing psilocybin nasal spray in the countries of Colombia and Brazil. This marks the Company's first commercial transaction of its new-to-world intellectual property. The exclusive LOI stipulates an upfront licensing fee of USD $250,000, five-year term with automatic renewal provisions, providing sales, distribution and marketing expectations are delivered upon and/or exceeded and royalty provisions. The parties will work expeditiously towards entering a definitive licensing agreement to reflect the terms of the LOI.

Partnership with Kaivalya Kollectiv

On May 12, 2021, the Company announced it will expand its portfolio of psilocybin and ketamine product and retreat offerings to also include 5-MeO-DMT through a partnership with Kaivalya Kollectiv, an L.A.-based wellness company that conducts psychedelic-integrated spiritual coaching as well as facilitated retreats in Mexico, Jamaica and Costa Rica. Through the partnership, Silo Wellness will operate two 5-MeO-DMT retreats in Jamaica, where the Company already conducts psilocybin-assisted retreats as well as mushroom and truffle cultivation workshops. The Company also continues to test its proof-of-concept patent pending nasal spray in Jamaica. More commonly known by names like the "God molecule" or "The Toad," 5-MeO-DMT is a research chemical psychedelic of the tryptamine class, four to six times more powerful than its better-known cousin, DMT (N,N-dimethyltryptamine). 5-MeODMT shows promise in the treatment of certain medical conditions, potentially improving general well-being and mindfulness as well as reducing the symptoms of psychological disorders with a single inhalation. Silo Wellness and Kaivalya Kollectiv will integrate the 5-MeO-DMT experience into two new Jamaican retreats featuring yoga, meditation, breath work and spiritual coaching as well as unique culinary and cultural experiences. The partnership marks the first by a publicly traded company to offer a 5-MeO-DMT wellness retreat as well as the first-of-its-kind to be held in Jamaica. 5-MeO-DMT is found in a wide variety of plants, at least one toad species and can also be produced synthetically. The compound produces hallucinogenic experiences between 7 and 90 minutes long and has long been used by indigenous communities as a healing modality. Today, 5-MeO-DMT, along with other psychedelic compounds like psilocybin and ketamine, is gaining mainstream popularity as clinical trials and formal research continue to prove its efficacy as an alternative mental health tool and as advocacy initiatives work to decriminalize the compound in certain jurisdictions and adapt the regulations governing its use and applications.

Binding letter of intent with Mushe Inc.

On June 2, 2021, the Company signed a binding letter of intent with Canadian-based mushroom company Mushe Inc. (“Mushe”) to establish the first legal functional and psychedelic mushroom retail outlet in the Western Hemisphere, based in Jamaica, where Silo Wellness currently cultivates psilocybin mushrooms, conducts psychedelic wellness retreats and is testing a proof-of-concept patent-pending nasal spray. Through this joint venture, Silo Wellness and Mushe will build out and operate a “smart shop” retail establishment specializing in the sale of functional and psychoactive mushroom products such as tinctures, capsules, topicals and edibles, as well as boutique literature and accessories. Earlier this year, Silo Wellness announced a multi-year license agreement with the family of legendary musician Bob Marley for the exclusive worldwide rights to brand, market and sell a distinct product line of functional and psychedelic mushrooms, which will be sold at the store upon launch. Jamaica is considered the epicenter of the psychedelic mushroom movement in the Western Hemisphere, where “magic mushrooms” are openly and legally grown and sold, positioning the island nation to directly benefit from wellness tourism as well as sales of psychedelic mushrooms. The global functional mushroom market size was valued at USD 46.1 billion in 2020 and is expected to grow at a compound annual growth rate (CAGR) of 9.5% from 2021 to 2028, reports Grand View Research. As consumers increasingly look to incorporate functional foods in their diets, Food Navigator found year-on-year sales for food products incorporating medicinal mushrooms have risen between 200-800%, depending on the variety.

Launch of Marley One

On June 24, 2021, the Company launched Marley One, the first global functional and psychedelic mushroom consumer brand, in collaboration with the family of legendary musician Bob Marley. The initial product offering will include a range of functional mushroom tinctures with unique blends highlighting the brand’s connection to Jamaica, including species such as cordyceps, lion's mane, chaga, reishi and turkey tail that offer a range of unique health and wellness benefits, from immunity and gut health to cognitive function and sleep enhancement. The Company intends to launch a psychedelic mushroom product line under the Marley name later this year, to be followed by additional functional mushroom products including gummies, capsules and cosmetics. In March, Silo Wellness announced a multi-year licensing agreement with the family of global reggae icon Bob Marley for the exclusive worldwide rights to brand, market and sell a distinct product line of functional and psychedelic mushrooms. At launch, the Marley One product line includes:

- One Mind: A coffee-flavored blend of lion’s mane and L-theanine designed to improve focus and cognitive function.
- One Flow: A peppermint-flavored blend of cordyceps and ginseng designed to enhance physical endurance and mental function.
- One Harmony: A mango-flavored blend of chaga and ginger designed to stimulate gut health and improve digestion.
- One Body: A berry-flavored blend of turkey tail and astragalus designed to support immune health.
- One Rest: A vanilla-flavored blend of reishi and GABA designed to help reduce tension and stress and improve quality of sleep.

OUTLOOK

The business objective of Silo Wellness is to develop leading brands in the legal Functional Mushroom supplement and psychedelic space, which includes intellectual property, e-commerce, and wellness retreats. Silo is developing operations focused on psilocybin and other psychedelics for mental health, wellness, and performance to position itself with psilocybin retreat infrastructure in Jamaica and a ketamine-assisted wellness retreat in Oregon.

Following the landmark passing of Oregon's Measure 109 authorizing the Oregon Health Authority to permit licensed service providers to administer psilocybin in therapeutic settings (after a two-year rule-making development period), Silo has positioned itself with a unique alternative to the brick-and-mortar ketamine clinic, similar to the psychedelic retreats it offers in Jamaica.

CORPORATE RESULTS

Significant Accounting Policies and Critical Estimates and Assumptions.

Please refer to the Note 3 to the April 30, 2021 condensed interim consolidated financial statements for the significant accounting policies.

The preparation of these condensed interim consolidated financial statements requires the Company to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates and assumptions affect the Company's reported amounts of assets, liabilities, and items in net loss, and the related disclosure of contingent assets and liabilities, if any. Such estimates are based on various assumptions that the Company believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of items in net loss that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, and actual results may differ from these estimates under different assumptions or conditions. Set out below are the most significant accounting judgments, estimates and assumptions that the Company has made in the preparation of these condensed interim consolidated financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Consolidation

The Company uses judgment in determining the entities that it controls and accordingly consolidates. An entity is controlled when the Company has power over an entity, exposure or rights of variable returns from its involvement with the entity, and is able to use its power over the entity to affect its return from the entity. The Company has power over an entity when it has existing rights that give it the current ability to direct the relevant activities, which are activities that significantly affect the investee's returns. Since power comes from rights, power can result from contractual arrangements. However, certain contractual arrangements contain rights that are designed to protect the Company's interest, without giving it power over the entity.

Asset acquisition

The determination of whether a transaction meets the definition of a business combination under IFRS 3 or constitutes an asset acquisition requires significant judgment.

Expected credit losses on financial assets

Determining an allowance for ECLs for all debt financial assets not held at fair value through profit or loss requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

Determination of CGUs

Management is required to use judgment in determining which assets or group of assets make up appropriate CGUs, for the level at which goodwill and intangible assets are tested for impairment. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Determining the impact of impairment requires significant judgment in identifying which assets or groups of assets form CGUs of the Company.

Functional currency

Determining the appropriate functional currency requires analysis of various factors, including the currencies and country-specific factors that influence the costs of providing goods or services.

Useful lives and impairment of intangible assets

Amortization of intangible assets is dependent upon management's estimate of the assets' useful lives, which requires judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of these assets.

Provisions and contingencies

The assessment of the existence and potential impact of contingencies and provisions inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

Income and other taxes

The calculation of current and deferred income taxes requires the Company to make estimates and assumptions and to exercise judgment regarding the carrying values of assets and liabilities which are subject to accounting estimates inherent in those balances, the interpretation of income tax legislation across various jurisdictions, expectations about future operating results, the timing of reversal of temporary differences and possible audits of income tax filings by the tax authorities. In addition, when the Company incurs losses for income tax purposes, it assesses the probability of taxable income being available in the future based on its budgeted forecasts. These forecasts are adjusted to take into account certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate that sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

COVID-19

In March 2019, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout Canada and U.S. The spread of COVID-19 has caused significant volatility in Canadian, U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the Canadian, U.S. and international economies and, as such, the Company is unable to determine if it will have a material impact to its operations.

Share-based payments

The determination of the value of share-based payments requires the Company to make estimates and assumptions on the value of the services received, or the value of the equity instruments on the granting date.

Changes or differences in underlying estimates or assumptions may result in changes to the current or deferred income tax balances on the consolidated statement of financial position, a charge or credit to income tax expense included as part of net income (loss) and may result in cash payments or receipts. Judgment includes consideration of the Company's future cash requirements in its tax jurisdictions.

All income, capital and commodity tax filings are subject to audits and reassessments. Changes in interpretations or judgments may result in a change in the Company's income, capital or commodity tax provisions in the future. The amount of such a change cannot be reasonably estimated.

SELECTED QUARTERLY INFORMATION

The following table sets out certain unaudited financial information for the last eight quarters:

In thousands	April 30, 2021	January 31, 2021	October 31, 2020	July 31, 2020	April 30, 2020	January 31, 2020	October 31, 2019	July 31, 2019
Revenues	$ 30	$ 19	$ 6	$ -	$ -	$ -	$ -	$ -
Loss and comprehensive loss for the period	3,440	273	452	359	245	329	463	141
Loss per share	0.06	0.01	0.02	0.02	0.02	0.02	0.03	0.01

Comparison of the three months ended April 30, 2021 and 2020

The Company reported $30,369 sales revenue in the second quarter ended April 30, 2021 (2020 - $nil). The Company did not generate any revenues in the comparative quarter. The cost of goods sold for the quarter was $91,546 and the gross margin was a loss of $61,177. The cost of goods sold was high in the quarter because it is the third quarter of sales and there were supplies and shipping costs spent for the preparation of initial sales.

Expenses for the quarter totaled $2,204,963, compared to $245,102 in the second quarter in 2020.

Advertising and promotion fees were $420,244 (2020 – nil). The increased advertising and promotion expense related to the Company’s launch of the Marley One brand and other marketing initiatives.

Directors fees and management fees were $243,654 (2020 - $79,793) and consulting fees were $184,116 (2020 - $58,355). The increase in directors and management fee and consulting fees relate the increased employees and consultants in the Company.

Professional fees were $418,382 (2020 - $6,035). The Company professional fees increased due to increase legal and accounting fees.

General and administrative expenses were $308,488 (2020 - $19,865). The increased G&A expenses related to the Company going public along with the increased costs launch the Marley One brand.

Stock based compensation was $609,113 (2020 – nil). During the three months ended the company issued 4.7 million options to the officers, directors and consultants of the Company. No options were granted in 2020.

RTO listing expense was $1,174,203 (2020 – nil). These costs relate to the RTO of Silo and Yukuterre on March 1, 2021.

Amortization of intangible assets for the quarter was nil (2020 - $80,439). No amortization of the intangibles occurred in Q2 2021 as the intangibles were fully amortization in prior periods.

Net loss and comprehensive loss for the second quarter in 2021 was $3,340,343 (2020 - $245,102). Net loss per share, basic and diluted, for the second quarter of 2021 was $0.06 (2020 - $0.02).

Comparison of the six-month period ended April 30, 2021 and 2020

The Company reported $49,387sales revenue in the six-month period ended April 30, 2021 (2020 - nil). The Company did not generate any revenues in the comparative period. The cost of goods sold for the period was $106,720 and the gross margin was a loss of $57,333. The cost of goods sold was high in the period because it is the third quarter of sales and there were supplies and shipping costs spent for the preparation of initial sales.

Expenses for the period totaled $2,482,233, compared to $573,556 in the same period in 2020.

Advertising and promotion fees were $420,244 (2020 – nil). The increased advertising and promotion expense related to the Company’s launch of the Marley One and other marketing initiatives.

Directors' fees and management fees were $326,664 (2020 - $205,155) and consulting fees totaled $188,567 (2020 - $116,711). The increase in directors and management fee and consulting fees relate the increased employees and consultants in the Company.

Professional fees were $455,538 (2020 - $24,143). The Company professional fees increased due to increase legal and accounting fees.

General and administrative expenses were $359,258 (2020 - $63,652). The increased G&A expenses related to the Company going public along with the increased costs launch the Marley One brand.

Stock based compensation was $609,113 (2020 – nil). During the six months ended the company issued 4.7 million options to the officers, directors and consultants of the Company. No options were granted in 2020.

RTO listing expense was $1,174,203 (2020 – nil). These costs relate to the RTO of Silo and Yukuterre on March 1, 2021.

Amortization of intangible assets for the period were $54,520 (2020 - $162,665).

Net loss and comprehensive loss for the period were $3,713,769 (2020 - $573,556). Net loss per share, basic and diluted, for the period was $0.08 (2020 - $0.04).

LIQUIDITY AND FINANCIAL RESOURCES

The Company has incurred losses since inception and as at April 30, 2021 has a cumulative deficit of $6,496,822 (October 31, 2020 - $2,783,053); working capital of $1,494,669 (October 31, 2020 - deficit of $90,139); negative cash flow from operations for the period ended April 30, 2021 of $2,255,908 (2020 - $106,422); and has a shareholders' equity of $1,494,669 as at April 30, 2021 (October 31, 2020- deficiency of $35,619).

Silo is still implementing its business model and has not yet generated operating profits. Long-term continuance of the Company's operations is dependent upon achieving profitable operations and, until that occurs, will rely on additional equity or debt financing. The Company's ability to continue as ongoing concern has always depended on the ability of management to raise capital and issue debt or obtain funding from its shareholders.

Due to cash constraints, the Company paid some of the assets and services it acquired in the years 2020 and 2019 by issuing common shares of the Company.

Loans payable

On October 28, 2020 the Company entered into an unsecured, non-revolving credit facility agreement with Jury Land & Energy, LLC, that was subsequently amended on January 28, 2021. The facility had a maximum of $250,000 which was increased to $300,000 upon amendment. $125,000 was drawn on October 28, 2020, $75,000 on November 20, 2020, and $100,000 on January 28, 2021. The loan is unsecured, bears interest at an annual rate of 12%, with interest and principal due the earlier of February 15, 2021 or the closing of a private placement by the Company of up to 10,000,000 common shares at a price of CAD$0.25 per share for aggregate cash proceeds of up to CAD$2,500,000. An initial fee of $25,000 was deducted from the first $125,000 withdrawal, and the $10,000 extension and amendment fee was deducted from the third $100,000 withdrawal. The Company accounted for the loan using the amortized cost method with an effective annual interest rate of 155% and recorded $616 in interest expense for the year ended October 31, 2020. On March 1, 2021, the Company repaid the full loan principal and accrued interest of $308,638.

The Company entered into various loan agreements with 2227929 Ontario Inc. in September 2020, October 2020 and February 2021 for CAD$68,000 ($53,708) 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 March 2, 2021, the Company repaid CAD$34,429 ($27,193) of the amount owing.
On August 13, 2020, the Company entered into a loan agreement with Forbes & Manhattan Inc. for CAD$3,500 ($2,764). 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.

SUMMARY OF CONTRACTUAL OBLIGATIONS

The cash obligations related to the Company's financial liabilities as at October 31, 2020 are:

	April 30, 2021	October 31, 2020
	$	$
Accounts payables and accrued liabilities	**259,394**	118,424
Due to related parties	**-**	131,288
Loans payable	**31,655**	100,616
Total liabilities	**291,049**	350,328

The table does not include Silo Wellness's obligations on management consultant agreements.

COMMITMENTS AND CONTINGENCIES

Royalty agreement

The Company signed an agreement with a licensor for certain licensed property and trademarks on August 14, 2020, which was subsequently superseded by an amended agreement on November 20, 2020. Under the terms of the amended agreement, the effective term is from November 20, 2020 to July 31, 2025. Under the amended agreement, the Company is required to make an advance payment of $500,000 (paid on March 4, 2021), and a royalty of 10% of net sales for each contract year, with guaranteed minimum royalties of $500,000 in year 1, $600,000 in year 2, $750,000 in year 3, $900,000 in year 4 and $1,000,000 in year 5. The licensee has the option to terminate the agreement in its sole discretion following the second year under contract, or through the payment of a $500,000 termination fee. The initial agreement required the licensee to grant to the licensor 2,000,000 shares of the licensee upon execution of the initial agreement. The 2,000,000 shares were issued on August 14, 2020 valued at $45,455 based on the estimated value of the shares issued in a recent financing and were recorded as a prepaid expense.

Management contracts

The Company is party to certain management contracts. These contracts require that additional payments of up to approximately $1,718,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these condensed consolidated interim financial statements. The Company is also committed to payments upon termination of approximately $985,000 (October 31, 2020 - $544,000) pursuant to the terms of these contracts.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

The Company has exposure to the following risks arising from financial instruments:

• credit risk
• liquidity risk

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established a risk management strategy, which incorporates development and monitoring of the Company's risk management activities. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. The Company's approach to risk management is assessed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

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. The Company is exposed to credit risk on its cash and receivables. The Company's maximum exposure to this risk is equal to the carrying amount of these financial assets. The cash is held with a financial institution counterparty which is highly-rated and the receivables are owed from the government of Canada as sales tax recovery. As such, the Company has assessed an insignificant loss allowance on these financial instruments.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have access to sufficient liquid assets to meet its current liabilities when they are due, under both normal and stressed conditions, without incurring excessive losses. Further, the Company's management is responsible for ensuring funds exist and are readily accessible to support business opportunities as they arise. The Company is exposed to this risk on its accounts payable and accrued liabilities and loans payable.

OUTSTANDING SHARE DATA

As of April 30, 2021, the Company had 62,092,505 common shares issued and outstanding, 11,137,424 warrants outstanding and 4,700,000 stock options outstanding. Please refer to the Notes 9, 10 and 11 to the April 30, 2021 condensed interim consolidated financial statements for the details of shares issued during the period.

SUBSEQUENT EVENTS

Subsequent to April 30, 2021, the Company granted 1,050,000 stock options to consultants at an exercise price of CAD$0.19 ($0.15) with an expiry of 5 years and 250,000 stock options to a consultant at an exercise price of CAD$0.15 ($0.12) with an expiry of 5 years.

Subsequent to April 30, 2021, 140,000 stock options with an exercise price of CAD$0.20 ($0.16) expired unexercised.

RELATED PARTY TRANSACTIONS

Key management personnel compensation

In addition to their contracted fees, directors and officers also participate in the Company's share option program. Key management personnel compensation comprised:

For the periods ended:	**April 30, 2021**	April 30, 2020
Directors and officers' compensation	**$294,201**	$ 196,308
Share based payments	**436,010**	-
	$730,211	$ 196,308

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

The Company entered into loan agreements with 2227929 Ontario Inc. 2227929 Ontario Inc. is a company wholly owned by Fred Leigh, who is a former director of the Company. In September 2020, October 2020 and February 2021, 2227929 Ontario

Inc. advanced loans of CAD$68,000 (See Note 8). During the six months ended April 30, 2021, the Company incurred expenses for consulting, rent and promotion services in the amount of CAD$6,000 ($4,786) (six months ended April 30, 2020 – nil) from 2227929 Ontario Inc.

As at April 30, 2021, $87,665 (October 31, 2020 - $131,288) was owing to related parties and was included in trade payables and accrued liabilities, and are unsecured, non-interest bearing and due on demand.

See also above loan payable that is also a related party transaction.

RISKS AND UNCERTAINTIES

The following is a summary of certain risks relating to Silo Wellness's business. Additional risks and uncertainties not currently known to Silo Wellness or that Silo Wellness currently considers immaterial also may impair Silo Wellness's business operations. If any of the following risks materialized, Silo Wellness's business could suffer. In that event, the value of Silo Wellness's common shares could decline, Silo Wellness's ability to make payments due on the liabilities could be impaired and holders of Common Shares could lose all or part of their investment.

Indebtedness

Silo Wellness has debt and interest payment requirements that may restrict its future operations and impair its ability to meet its financial obligations. A portion of cash flow from operations is dedicated to the payment of principal and interest on indebtedness, which reduces funds available for other business purposes and increases Silo Wellness's vulnerability to general economic conditions and industry conditions. The ability to service Silo Wellness's debt depends on Silo's operating and financial performance, which is subject to economic and competitive conditions and to other factors beyond its control, including but not limited to, increased operating costs, increases in interest rates, and market liquidity conditions.

Silo Wellness's debt could limit its flexibility in planning for or reacting to, changes in its business and the industry in which it operates and place it at a competitive disadvantage compared to some of its competitors that have less financial leverage. If cash flow and capital resources are inadequate to meet its debt service obligations, Silo Wellness may be forced to abandon, reduce or delay capital expenditures, product and service launches, business opportunities and growth initiatives and to sell assets, refinance its indebtedness, seek additional capital or restructure.

Cash Flows and Profitability

Silo Wellness has not earned profits to date, and there is no assurance that Silo Wellness will earn profits in the future, or that profitability, when achieved, will be sustained. A significant portion of Silo Wellness's financial resources have been and will continue to be re-invested. Silo Wellness's success will ultimately depend upon its ability to leverage increased revenue and external financing. There is no assurance that future revenues and financing will be sufficient to generate the required funds to continue business development and marketing initiatives.

Impact of COVID-19

In the year 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company and its operations as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by US and other countries to fight the virus.

Effective Growth Management

Silo Wellness expects to continue to grow its operations through the addition of new products and services and the expansion of products and services both within and outside the US. The growth in operations and staff has placed, and will continue to place, a strain on existing management systems and resources. If Silo Wellness fails to manage the Company's future growth, the business may experience higher operating expenses and it may be unable to meet the expectations of investors with respect to future operating results.

Recruiting and Retaining Employees

Recruiting and retaining qualified personnel is critical to Silo Wellness's success. As Silo Wellness's business activity grows, Silo Wellness will require additional key financial, administrative and technical personnel as well as additional operations staff.

Competition

Silo Wellness's operates in a new and highly competitive marketplace. Increased competition may result in reduced gross margins and loss of market share and would harm Silo Wellness's business and results of operations. Management cannot be certain that its subsidiaries will be able to compete successfully against current or future competitors or that competitive pressure will not seriously harm its business. Some of Silo Wellness's competitors are much larger than Silo and have greater access to capital, marketing and technical and other resources, including the ability to make strategic acquisitions or establish cooperative relationships.

New Product Launches

Silo Wellness seeks to develop, launch and promote new products and services, and to expand existing products and services into new markets, that management believes are strategic. There can be no assurance that Silo Wellness's associates will be able to launch such product offerings in a cost-effective manner or in the timeframe estimated by management or that any such efforts will generate revenues, profits or market acceptance. Any new business or product launched by Silo Wellness that is not positively received by customers could damage Silo Wellness's reputation and diminish the value of its brands. Expansion of Silo Wellness's operations could also require significant additional expenses and development, operations and other resources and could strain Silo Wellness's management, financial and operational resources.

Financing Requirements and Availability of Capital

The amount of the future capital requirements could be adversely affected by numerous factors, including, but not limited to, lower than expected demand for its products and services, adverse changes in Silo Wellness's business environment, delays in growth of Silo Wellness's customer base, government regulations, failure or delays in executing marketing programs, growth that is more rapid than anticipated and competitive pressures. Silo may also need to raise additional funds or obtain additional debt sooner than anticipated in order to acquire businesses, technologies or products, or fund investments and other relationships Silo Wellness believes are strategic. Silo Wellness will also need to raise additional capital to repay its loan. Accordingly, Silo Wellness's actual capital requirements may vary from currently anticipated needs, and such variations could be material.

There can be no assurance that additional financing will be available on commercially reasonable terms or at all. If adequate funds are not available or are not available on acceptable terms, Silo Wellness may not be able to fund its expansion, take advantage of strategic acquisitions, investments or other opportunities or respond to competitive pressures. Such inability to obtain financing when needed could have a material adverse effect on Silo Wellness's business, results of operations and financial condition.

If additional funds are raised through the issuance of equity securities, or if Silo Wellness elects to issue common shares in payment of debts, assets and services acquired, the percentage ownership of Silo Wellness's shareholders will be reduced. Silo Wellness may incur substantial costs in raising future capital, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. Until Silo Wellness is able to generate and predict continued positive cash flows from recurring revenue, Silo Wellness faces risk in utilizing existing cash resources and may require further cash infusions from investors to maintain operations and to repay or service its debt obligations when they come due.

Price and Volume Volatility

Silo Wellness's common shares after listing may be affected by limited or irregular trading volumes, which may affect investors' ability to sell common shares and debentures. The price of the common shares may be volatile and could be subject to wide fluctuations due to a number of factors including the risk factors described in this management analysis. In addition, broad fluctuations in the financial markets as well as economic conditions may adversely affect the market price of the common shares**.**

Fluctuation in Operating Results

Silo Wellness may experience fluctuations in future operating results that may be caused by many factors, including but not limited to variability of sales to new and existing customers, changes in the level of marketing and other operating expenses, competitive factors and the timing of new product launches.

It is likely that, from time to time, Silo Wellness's future operating results will not meet the expectations of securities analysts or investors, which may have a material adverse effect on the market price of the common shares.

Reliance on Senior Management and Other Key Employees

There can be no assurance that Silo Wellness will be able to continue to attract and retain qualified personnel necessary for the development of the businesses in which Silo Wellness competes. If Silo Wellness is not able to retain qualified personnel, product development and implementation initiatives will be impaired or delayed thereby adversely affecting Silo Wellness's business, results of operations and financial condition. Silo Wellness does not have in place formal programs for succession and training of management.

Regulatory Regime

The regulation of psilocybin industry is extensive and designed to protect the public, while providing standard guidelines for business operations. Silo Wellness subject to governmental laws and regulations relating to it business and failure to comply with, or changes to, existing or future laws and regulations could result in significant unforeseen costs and limitations, and could have an adverse impact on Silo Wellness's business, results of operations and financial condition. Currently there are only a few countries in the world where psilocybin mushrooms are not illegal. Jamaica is one of the few. In most parts of the world including the United States and Canada the psilocybin is illegal. However, the passing of Measure 109in Oregon in 2020 permits the development of a regulatory framework to use of psilocybin in therapy. As regulations permit, the Company intends to offer psilocybin retreats in Oregon as well as pursue a clinical psilocybin-assisted counseling element with patients using the psilocybin nasal spray prior to sessions through either licensees or through Silo Wellness's own brand psilocybin service centers, but there is no guarantee that such licensees and licenses will be acquired successfully.

Changes may occur in laws and regulations, or the interpretation or enforcement thereof, that could increase Silo Wellness's compliance and other costs of doing business, require significant systems redevelopment, or render its products or services less profitable or obsolete, any of which could have an adverse effect on Silo Wellness's business, results of operations and financial condition.

Economic Risk

A major change in any of the market segments that are serviced by Silo Wellness could potentially impact its ability to sell products and services within those segments and would have a negative effect on its business.

The general economic environment impacts Silo Wellness and its subsidiaries in many ways including the employment of foreign workers, customer spending, online sales and marketing, capital availability and funds available for marketing and advertising. An economic slowdown could cause the demand for Silo Wellness's products or services to decline.

Growth in Silo Wellness's customers' businesses is affected by the economic environment and could therefore have an impact on Silo Wellness's operating results. Silo Wellness cannot predict the impact current economic conditions will have on its future results, nor predict future economic conditions.

Silo Wellness's current and potential customers might reduce or delay their expenditures. An economic slowdown could also lead to greater delays and defaults in payments or debt collection, competition increases and reductions in prices by competitors seeking to maintain or expand their market share. Silo Wellness's pricing and profitability could be adversely affected as a result.

Political Conditions

Silo Wellness conducts business activities in and out of the United States, including those countries lack of a mature and stable political system, there is always the potential for changes in policies or shifts in political attitude towards foreign operations. Changes, even if minor in nature, may adversely affect Silo Wellness's operations.

Permits, Licenses and Approvals

The operations of Silo Wellness and its facilities, and the agreements into which they have entered require approvals, licenses and permits from various regulatory authorities, governmental and otherwise, that are not guaranteed. Silo Wellness believes that it and its associates hold or will obtain all necessary approvals, licenses and permits under applicable laws and regulations in respect of their businesses and, to the extent they have already been granted, believes they are presently complying in all material respects with the terms of such approvals, licenses and permits. However, such approvals, licenses and permits are subject to change as regulations change. There can be no guarantee that Silo Wellness or its associates will be able to obtain or maintain all necessary approvals, licenses and permits that may be required or that all governmental decrees and/or required legislative enactments will be forthcoming.

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. The Company is exposed to credit risk on its cash and receivables. The Company's maximum exposure to this risk is equal to the carrying amount of this financial asset. The cash is held with a financial institution counterparty which is highly rated. As such, the Company has assessed an insignificant loss allowance on this financial instrument.

Acquisition Risk

While Silo Wellness's acquisition process typically includes extensive due diligence on the business or assets to be acquired and acquisition agreements typically include detailed representations and warranties respecting the business or assets being acquired, there can be no assurance that Silo Wellness would not become subject to certain undisclosed liabilities associated with the acquired assets that Silo Wellness failed or has been unable to discover during the due diligence process prior to the closing of the acquisition. The discovery of any unrecoverable material liabilities could have an adverse and material effect on Silo Wellness's business, results of operations and financial condition. The process of integrating an acquired business, product or technology can create unforeseen operating difficulties, expenditures, and other challenges. An asset purchase or acquisition financed using cash or securities of the Company may also be considered dilutive to shareholders and reduce the Company's cash position.

Information Technology Systems

The business and operations of Silo Wellness involve processing of transactions and management of the data necessary to do so. In the event of a breakdown, a catastrophic event (such as fire, natural disaster, power loss, telecommunications failure or physical break-in), a security breach or malicious attack, an improper action by its employees, agents or third-party vendors or any other event that results in the destruction or disruption of any of Silo Wellness's critical business or information technology systems, Silo Wellness's ability to conduct normal business operations would be affected and Silo Wellness could suffer financial loss, loss of customers, regulatory sanctions and damage to its reputation. Such a disruption may materially and adversely affect Silo Wellness's business, financial conditions and results of operations.

Changes in Technology

If Silo Wellness is unable to respond to the rapid changes in technology and services that characterize the financial services industry, Silo Wellness's business and financial condition could be negatively affected.

Silo Wellness's ability to transition to new services and technologies may be inhibited by a lack of industry-wide standards, by resistance from its customers and distributors, or by the intellectual property rights of third parties. Silo Wellness's future success will depend, in part, on its ability to adapt to technological changes and evolving industry standards. These initiatives are inherently risky, and they may not be successful or may have an adverse effect on Silo Wellness's business, financial conditions, and results of operations.

Foreign Exchange

Silo Wellness has exposure to foreign exchange risk. Foreign exchange risk arises from purchase and sale transactions, as well as the recognition of financial assets and liabilities denominated in foreign currencies.

No History of Earnings, Positive Cash Flow or Dividend Payments

Silo Wellness has no history of earnings and it has not paid any dividends. There can be no assurance that Silo Wellness's activities will generate positive cash flow. Payment of any future dividends will be at the discretion of the Board of Directors after taking into account many factors, including future earnings, capital requirements, operating and financial condition and a number of other factors that the Board considers appropriate.

Dilution of Common Shares

In the event that the Company increases the number of common shares issued, or if a significant number of common shares are issued as a result of the exercise of the share purchase rights, this may have a depressive effect on the price of Silo Wellness's common shares. In addition, the voting power of Silo Wellness's existing shareholders and their economic interest in Silo Wellness will be diluted.

Use of Estimates and Measurement Uncertainty

Estimates by management represent an integral component of financial statements prepared in conformity with International Financial Reporting Standards. The estimates made in the consolidated financial statements of the Company for the year ended October 31, 2020 reflect management's judgement based on experiences, present conditions, and expectation of future events. Where estimates were made, the reported amounts for assets, liabilities, revenues and expenses may differ from the amounts that would otherwise be reflected if the ultimate outcome of all uncertainties and future events were known at the time the financial statements were prepared.

INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

In accordance with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"), the CEO and CFO file a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements and accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification includes a "Note to Reader" stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as defined in NI 52-109.

As part of our corporate governance practices, ICFR and DC&P have been designed. There has been no formal evaluation of the operation of these controls. The Company has designed its ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance IFRS.

Management works to mitigate the risk of a material misstatement in financial reporting; however, a control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

The Company's DC&P have been designed to ensure that information required to be disclosed by Silo is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure. It should be noted that while the Company's CEO and CFO believe that the Company's DC&P provide a reasonable level of assurance that they are effective, they do not expect that the DC&P or ICFR will prevent all errors or fraud.