SILO WELLNESS INC.
(FORMERLY YUKOTERRE RESOURCES INC.)
(Expressed in United States Dollars)

Management Discussion and Analysis
for the three and nine months ended July 31, 2021 and 2020

September 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 nine months ended July 31, 2021. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended July 31, 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 September 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 information" and "forward-looking statements". All statements, other than statements of historical fact, contained in this MD&A are forward-looking statements, including, without limitation, statements regarding future financial position, business strategy, budgets, the Company's wellness retreats in Oregon and Jamaica, sales and distribution of functional mushrooms, the licensing arrangement with respect to the Marley One brand, the development and commercialization of the Company's patent-pending psilocybin nasal spray and plans and objectives of management for future operations. Such statements can, in some cases, be identified by the use of forward-looking terminology such as "expect," "likely", "may," "will," "should," "intend," or "anticipate," "potential," "proposed," "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or

conditions "may" or "will" happen, or by discussions of strategy. The forward-looking statements included in this MD&A are made only as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by applicable securities laws.

Forward-looking statements in this MD&A are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements. Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes.

Some of the risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include:

- indebtedness;
- cash flows and profitability;
- novel coronavirus "COVID-19";
- effective growth management;
- recruiting and retaining employees;
- competition;
- new product launches;
- inventory management;
- financing requirements and availability of capital;
- price and volume volatility;
- fluctuation in operating results;
- reliance on senior management and other key employees;
- regulatory regime;
- economic risk;
- political conditions;
- Jamaican operations
- Emerging market risks;
- uncertainty related to Oregon operations and other states;
- regulatory risks and uncertainties;
- non-compliance with laws;
- risks related to prescribing medication;
- credit risk;
- acquisition risk;
- information technology systems;
- changes in technology;
- foreign exchange;
- limited operating history;
- reliance on third-party licenses;
- limited products;
- limited marketing and sales capabilities;
- insurance coverage;
- product liability;
- trade secrets;
- patent law reform;
- patent litigation and intellectual property;
- protection of intellectual property;
- no profits or significant revenues;
- speculative nature of investment risk;

- dilution of common shares; and
- use of estimates and measurement uncertainty.

Although the forward-looking statements contained in this MD&A are based upon what management currently believes to be reasonable opinion, estimates and assumptions, the Company cannot assure prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. In particular, the Company has made assumptions regarding, among other things:

- substantial fluctuation of losses from quarter to quarter and year to year due to numerous external risk factors, and anticipation that we will continue to incur significant losses in the future;
- uncertainty as to the Company's ability to raise additional funding to support operations and future royalty payments to the Licensor;
- the Company's ability to access additional funding;
- the fluctuation of foreign exchange rates;
- the duration of COVID-19 and the extent of its economic and social impact;
- the impact of COVD-19 on international travel to and from Jamaica and Oregon;
- the risks associated with the development of the Company's product candidates which are at early stages of development;
- reliance upon industry publications as the Company's primary sources for third-party industry data and forecasts, in particular with respect to the size of global demand for functional mushroom products;
- variation in consumer demand for functional mushroom products between countries and regions in which the Company operates;
- reliance on third party contract manufacturers and distributors;
- the ability of the Company to produce, or require manufacturers to produce, sufficient inventory of functional mushroom products to satisfy distribution requirements and sufficient 5-MeO-DMT for its Jamaican wellness retreats;
- competition from other psychedelic companies;
- the Company's reliance on the capabilities and experience of the Company's key executives and the resulting loss of any of these individuals;
- the Company's ability to fully realize the benefits of acquisitions;
- the Company's ability to develop its intellectual property, including its patent-pending psilocybin nasal spray;
- the Company's ability to adequately protect the Company's intellectual property and trade secrets;
- the approval by regulatory authorities of the Company's patent-pending psilocybin nasal spray;
- the risk of patent-related or other litigation; and
- the risk of unforeseen changes to the laws or regulations in the United States, Jamaica, Brazil, Colombia, United Kingdom and Canada and other jurisdictions in which the Company operates or intends to operate and the impact of such changes on the Company's operations.

In addition to the factors set out above and those identified in this MD&A under "Risk Factors", other factors not currently viewed as material could cause actual results to differ materially from those described in the forward-looking statements. Although the Company has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to be anticipated, estimated or intended. Accordingly, readers should not place any undue reliance on forward-looking statements.

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 July 31, 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 constituted 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 (the "Listing Date").

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 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 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 5-MeO-DMT retreats in Jamaica -(via **www.SiloRetreats.com**).

In 2019, Silo Wellness 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 filed provisional patent application for psilocybin nasal spray (Provisional Application No 62/870,722). In December 2019, Silo Wellness announced the development of psilocybin nasal spray in Jamaica. In July 2020, Silo filed non-provisional 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. 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 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 therapeutic use of the ingredient. Ultimately, Measure 109 allows therapists to use psilocybin to treat chronic mental health issues like PTSD and depression. The Oregon Health Authority may permit therapists to incorporate psilocybin for anxiety reduction in terminally ill patients and to assist with addiction cessation. 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 psilocybin service centres.

Once the regulatory regime for psilocybin-assisted therapy is implemented, Silo Wellness intends to consider offering 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 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 three- and nine-month periods ended July 31, 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 July 31, 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, Canaccord Genuity Corp (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 Concurrent 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 Concurrent 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 the Agent 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.

On August 11, 2021, the Company entered into a loan agreement with an arm's length third party lender (the "Lender") pursuant to which the Company borrowed US$250,000 for working capital and inventory growth purposes (the "Loan"). Subsequently, the Company entered into a debt settlement agreement with the Lender to settle US$144,000 of the Loan in exchange for 2,500,000 Common Shares at a deemed price of C$0.072 per Common Share, representing a 20% discount to the closing price of the Common Shares on August 11, 2021 (the "Shares for Debt"). The remaining principal amount of the Loan remains outstanding. Completion of the Shares for Debt is subject to compliance with applicable regulations, including policies of the CSE.

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 Wellness 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 has launched, with a branding partner to use the image and likeness of Bob Marley, a new brand of Functional Mushroom products called Marley One (TM) that are free of psilocybin and other controlled substances adjacent to the existing Silo Wellness 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. The California-based manufacturing partner is not an exclusive manufacturer of the Company's functional mushroom tinctures. The Company has diversified its supply chain by engaging additional manufacturers for its functional mushroom line and continuously considers increased efficiencies for its business, including manufacturers providing more strategic terms or other advantages. 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 "Marley One" name to establish the Marley One line adjacent to the Silo house brand of products. 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 Company 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 Licensing also has commitments by Silo for advertising, distribution and charitable payments.

Please refer to "Launch of Marley One" on page 27 of this MD&A for the status of the Marley One line.

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).

From its experience in operating its wellness retreats in Jamaica, the Company has learned from its retreats that the market in Jamaica does not require advanced dosing methods at this time. As a result the Company is continuously monitoring recreational market demand for the nasal spray prior to expending further capital in its development. Additionally, the Company has been in negotiations with other companies with interest in licensing the nasal spray intellectual property. The Company has received feedback from potential licensees with interest in a pharmaceutical use for the nasal spray. Consequently, the Company continues negotiations with other companies regarding licensing arrangements prior to attempting to bring the nasal spray to market in Jamaica.

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.

The Company current focus of attention is its Marley One line of non-psychedelic functional mushroom products and retreats and has not conducted further testing of its patent-pending nasal spray.

Please refer to "Partnership with Kaivalya Kollectiv and Retreats Update" on page 27 of this MD&A for an update on the status of its wellness retreats.

Oregon Business Description

In Oregon, the Company has conducted two ketamine-assisted retreats in Oregon in 2021 and intends to offer additional retreats in continued collaboration with a practicing naturopathic physician having an active DEA license (pursuant to 21 C.F.R. § 1306). The Company engages third party licensed naturopathic physicians as independent contractors who provides and manages medical supervision and treatment of qualifying retreat guests with ketamine, at retreat locations. The first retreat was held on January 16 to 21, 2021. The Company does not practice medicine and is not involved with directing any medical care. The relationship between the Company and any physician is subject to various standards of corporate practice and fee-splitting rules.

The physician's agenda for the Oregon wellness retreat is centered on integration in nature after ketamine sessions using the natural surroundings to serve as a setting for a series of events, that may include such activities as whitewater mindfulness excursion, waterfall meditation hikes, or similar excursions and activities. The Company's principal business in Oregon is in marketing and coordinating retreat activities that permit a naturopathic physician to offer ketamine therapy sessions on site.

Evidence shows that ketamine can be effective for treating depression symptoms when used off-label for that purpose.[1] Ketamine also creates dissociative effects which cause it to often be categorized among psychedelic drugs and has been administered to patients at clinics throughout the United States, including Oregon, for several years.[2]

Ketamine was developed in the 1960s as an anesthetic drug and has been used widely around the world for that purpose. Since its introduction, it was discovered that ketamine had "dissociative" and potential antidepressant effects. The National Institute of Mental Health even developed an infusion protocol for treating depression using ketamine. Though ketamine may be an effective treatment of depression and other mental health concerns without utilizing its dissociative effects, ketamine-enhanced psychotherapy instead utilizes the dissociative effects medically in a therapeutic setting. A growing number of physicians use the Ketamine-Assisted Psychotherapy approach.

For each scheduled Silo Wellness Oregon retreat, the Company contracts with individual lodging retreat properties in or near a natural setting and other amenity providers for wellness retreats.

The physician, independent of the company, qualifies and screens applicants for final acceptance (including any telephone or video consultations deemed necessary by the provider). The physician also provides consultations with each participant to screen for contraindications, appropriate diagnosis, and mental preparedness for the retreat. The physician, if the participant is deemed suitable for ketamine-assisted therapy, will prescribe ketamine to be administered under medical supervision at the retreat location. The physician also provides pre-event information to attendees. There will be individual meetings held virtually and with the group in preparation for the retreat.

Silo Wellness's wellness retreats take place in Oregon's celebrated nature and wildlife areas. Silo Wellness intends to optimize its location in Oregon as a beneficial setting for ketamine-assisted therapy retreats and post-therapy integration in nature.[3] The

[1] See generally "Intravenous Ketamine for the Treatment of Mental Health Disorders: A Review of Clinical Effectiveness and Guidelines," Canadian Agency for Drugs and Technologies in Health at 20 (August 2014) (https://www.ncbi.nlm.nih.gov/books/NBK253844/).
[2] See generally Kraus C, Wasserman D, Henter ID, Acevedo-Diaz E, Kadriu B, Zarate CA Jr. "The influence of ketamine on drug discovery in depression" [published online August 2, 2019]. Drug Discovery Today (https://doi.org/10.1016/ j.drudis.2019.07.007); "Ketamine and Future Depression Treatments." Depressive Disorder Advisor, Psychiatry Advisor (https://www.psychiatryadvisor.com/ home/ depression-advisor/ ketamine-and-future-depression-treatments/).

[3] See "The great outdoors? Exploring the mental health benefits of natural environments," Front Psychol. 2014; 5: 1178 (https://www.frontiersin.org/articles/10.3389/ fpsyg.2014.01178/full).

setting of nature at the retreats (rather than a traditional clinical setting) is intended to inspire mindfulness and connections to greater consciousness.

UPDATE OF USE OF PROCEEDS

The below table describes the differences between the Company's anticipated use of proceeds from private placements as disclosed in the Listing Statement and the Company's actual use of proceeds from those financings as at July 31, 2021.

Business Objective	Milestone	By When	Estimated Costs (C$)	Spent (C$)	Variance (C$)
Marketing and Branding	Payment of minimum royalty to branding partner	Q1 2021	$640,000	$ 634,476	$ 5,524
	Website development for e-commerce store	Q1 2021	$50,000	$ -	$ 50,000
	Public relations, launch and advertising for new branding	Q1 2021	$20,000	$ 84,697	-$ 64,697
	Jamaica retreat launch and production	Q1 2021	$10,000	$ 40,987	-$ 30,987
Expand Operations	Retain its existing supplier of Psychedelic Mushrooms in Jamaica or engage a contract manufacturer or another supplier for new product development and production for both Functional Mushrooms and Psychedelic Mushrooms in Jamaica	12 months following listing	$300,000	$ -	$ 300,000
	Farming operations (Jamaica) -increasing the number of strains in the genetics library for cultivation, acquire and expand testing and production control systems and make leasehold improvements to the cultivation area	12 months following listing	$100,000	$ 24,774	$ 75,226
	Retreat operations (Jamaica)- develop a retreat app to track retreat experience and feedback and expand retreat management team	12 months following listing	$125,000	$ 8,150	$ 116,850
	Retail Store operation (Jamaica)- secure a retail store location and proceed with store design and build-out	12 months following listing	$150,000	$ -	$ 150,000
New Product Development	Expand current Functional Mushroom tincture line to include additional products other than tinctures and add additional items to the online offering	Branding development to be incurred by Q1 2021	$275,000	$ 119,955	$ 155,045
	Packaging and branding assets	Q1 2021	$35,000	$ 30,343	$ 4,657
	Oregon retreat production	Q1 2021	$45,000	$ 7,182	$ 37,818
	Functional Mushroom and psychedelic product development	12 months following listing	$20,000	$ 11,421	$ 8,579
	Inventory	12 months following listing	$50,000	$ 121,825	-$ 71,825
Repayment of promissiary note			$ 250,000	$ 391,647	-$ 141,647
Office and Administration			$ 50,000	$ -	$ 50,000
Unallocated Capital			$ 2,278,322	$ 2,741,334	-$ 463,012
Total			**$ 4,398,322**	**$ 4,216,790**	**$ 181,532**

I. Marketing and Branding

Milestone

A. Payment of minimum royalty to branding partner

Projected: by Q1 following listing.

Actual: Q1, 6 days following listing

Projected cost: C$640,000

Actual Cost: C$634,476

On March 11, 2021, the Company announced that it entered into 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. CAD$634,476 were deployed out of the CAD$640,000 estimated as an advance royalty payment of USD$500,000. This payment satisfied the guaranteed minimum royalties payment in year 1 of the royalty agreement.

The payment secured the worldwide rights to the Bob Marley name and likeness for psychedelic and functional mushrooms.

B. Website development for e-commerce store

Projected: Q1 following listing

Actual: 19 days into Q2 following listing on June 24, 2021.

On June 24, 2021, the Company announced the launch of Marley One, the first global functional mushroom consumer brand, in collaboration with the family of legendary musician Bob Marley (the "**Licensor**"). The initial product offering was launched on the e-commerce store found at www.Marley.One or www.MarleyOne.com, and included 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 delay in the launch of Marley One is attributable to satisfying the requirements of the Licensor with respect to product development, brand creation and marketing approvals and the announcement. The Company also engaged another manufacturing partner prior to the launch having a lower cost basis and a different formulation process than what was used for its Silo Reboot line of products.

C. Public Relations, launch and advertising for new branding

Projected: Q1 following listing.

Actual: Q1/Q2 marketing launch.

Projected cost: C$20,000

D. Actual Cost: C$84,697

The Company spent more funds than originally projected in the listing statement as the Company engaged additional resources to successfully launch the Marley One brand on time

E. Jamaica retreat launch and production

Projected: Q1 following listing.

Actual: Yes, Q1 marketing launch. Actual dates of retreats set forth below in detail.

Projected cost: C$10,000

Actual Cost: C$40,987

Within the first three months following the Listing Date, the marketing branding budget for the Jamaica retreat launch and production exceeded the allotted budget by $30,987. The Company highlighted its unique position as a psilocybin retreat operator by securing significant earned media coverage utilizing the marketing collateral created at the February Jamaican mushroom retreat as well as the coverage and exposure it obtained by sponsoring a Jamaican psychedelic industry conference. With these assets in place, the Company was able to successfully hold the following retreats and promote them as follows in earned media and via traditional marketing:

Silo psychedelic retreats held in 2021:

1. February 16-21, 2021 - Silo Wellness Jamaica Haven-Psilocybin Retreat

Silo Wellness Jamaica Haven Retreat was a 6-day psilocybin retreat in Jamaica. There were three (3) Psilocybin sessions with our experienced and professional staff, daily yoga and group guided-meditation and, personal sessions with the retreat leaders. No medical treatment or psychotherapy was available at the retreat.

Guests also participated in group discussions and contemplative time in this serene and beautiful environment with the staff and other guests. The retreat also offered group excursions to local places of interest and the beach provided opportunities for snorkeling, and relaxation.

The video and photographic marketing collateral originated from this retreat was used to create additional marketing and branding material. Additional expenses included developing and implementing further marketing for ongoing retreats.

Images such as these were used for marketing purposes in earned media articles such as the following:

- *Bloomberg*'s "All-Inclusive Magic Mushroom Retreats Are the New Luxury 'Trips'" published on August 19, 2021, at https://www.bloomberg.com/news/articles/2021-08-19/all-inclusive-magic-mushroom-ayahuasca-retreats-are-new-luxury-trips.
- *High Times*' "Silo Wellness And Kaivalya Kollectiv Announce Psychedelic Retreats" published at https://hightimes.com/health/silo-wellness-kaivalya-kollectiv-psychedelic-retreats/.

Additional retreats held were in the summer of 2021 involving psilocybin and a standalone 5-MeO-DMT retreat facilitated by Kaivalya Kollectiv.

II. Expand Operations

Milestone

A. Retain its existing supplier of Psychedelic Mushrooms in Jamaica or engage a contract manufacturer or another supplier for new product development and production for both Functional Mushrooms and Psychedelic Mushrooms in Jamaica

Projected: 12 months following listing.

Actual: Partial in Q2; projected to continue through the projected 12-month timeline.

Projected cost: C$300,000

Actual Cost: C$0 to date as product development has been formulated at the expense of the manufacturers.

Since the Listing Date, the Company has utilized existing inventory of psychedelic mushrooms for retreat participants through third party providers and has vetted various other suppliers who will be considered for additional psychedelic mushrooms products in Jamaica. To meet future retreat needs, Silo Wellness anticipates that existing production will fulfil Company requirements for retreats or alternatively Silo Wellness has identified multiple suppliers of psilocybin raw biomass for future product development and production.

As discussed above, the Company has engaged an additional manufacturer who assisted in the development and launch of the Marley One product line as discussed above.

The Company has also been working with other manufacturers and sampling new functional mushroom food products in various product categories and wellness products at no expense to the company. The Company is also in negotiations with two different beverage manufacturers in two different product categories, which may or may not be successfully consummated. One has advanced to the R&D stage with functional mushroom compounds provided by the Company to the potential partner.

B. Farming operations (Jamaica) - increasing the number of strains in the genetics library for cultivation, acquire and expand testing and production control systems and make leasehold improvements to the cultivation area

Projected: 12 months following listing.

Actual: Ongoing

Projected cost: C$100,000

Actual Cost: C$24,774

When Silo Wellness began operations in Jamaica in 2019 by developing the psilocybin nasal spray, psychedelic mushrooms were difficult to procure. Since listing, the Company has seen mushroom production begin to commoditize with many more supplier options, and the Company has been conducting due diligence on various cultivators.

The Company has sampled various products and strains from several manufacturers and hopes to feature various local boutique mushroom growers and their stories at the proposed mushroom store in Ochos Rios. As the market matures, the Company anticipates increasing options for locally sourced mushroom strains and microdosing products that can be utilized by the Company for its consumer-facing products.

C. Retreat operations (Jamaica)- develop a retreat app to track retreat experience and feedback and expand retreat management team

Projected: 12 months following listing.

Actual: Ongoing

Projected cost: C$125,000

Actual Cost: C$8,150

The Company has identified several tracking apps, with and without brain-wave tracking hardware, that the Company is strategically considering as potential retreat experience tracking partners. The Company currently believes that this can better be effectuated through a licensing arrangement or partnership without the capital expenditures and time required to develop its own app.

The retreat team has not been expanded at this time, as the Company has been utilizing existing human resources and is vetting potential management partners. This is an ongoing development.

D. Retail Store operation (Jamaica)- secure a retail store location and proceed with store design and build-out

Projected: 12 months following listing.

Actual: Ongoing

Projected cost: C$150,000

Actual Cost: C$0

On June 2, 2021, the Company announced that it 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.

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.

The Company has identified and secured a retail location in Ochos Rios near a busy cruise ship port. The lessor has agreed to defer through November 2021. This project is ongoing.

III. New Product Development

Milestone

A. Expand current Functional Mushroom tincture line to include additional products other than tinctures and add additional items to the online offering

Projected: Q1 following listing.

Actual: Partially met (new tinctures launched; other non-tincture products under development)

Projected cost: C$150,000

Actual Cost: C$119,955

As set forth above and explained in greater detail, new tinctures have been launched as of June 24, 2021, under the new Marley One product line. Additionally, other potential functional mushroom food and wellness products are under development.

B. Packaging and branding assets

Projected: Q1 following listing.

Actual: Partially achieved in Q1 (services paid and packaging designed in Q1 with boxes physically deployed in Q2)

Projected cost: C$35,000

Actual Cost: C$30,343

C. Oregon retreat production

Projected: Q1

Actual: One Oregon retreat deployed in Q1.

Projected Cost: C$45,000

Actual Cost: C$7,182

On January 26 to 21, 2021, Silo held its first Oregon Ketamine-Assisted Wellness Retreat. The ketamine-assisted wellness retreat, under the care of a naturopathic physician, was designed to allow participants to focus on nature and the self. This 6-day / 5-night retreat included daily meditation classes, 3 Ketamine-assisted therapy sessions for those that were independently qualified by the physician, waterfall hiking, mountain lake boating trip, and pre- and post-retreat support from the team. Accommodations were provided in McKenzie Bridge Oregon at a riverfront lodge.

Marketing collateral and additional protocols achieved from this retreat were utilized for a second retreat held on March 6-11, 2021. This retreat resulted in further earned media to assist in marketing. The September/October 2021 issue of *Outside Magaz*ine, a magazine focused on culture, travel and the environment, featured Silo Wellness's Oregon Ketamine-assisted nature retreat in a five-page print feature. Written by acclaimed reporter David Kushner, the article, "Camping with Ketamine" is an in-depth profile of Silo's ketamine-enhanced wellness retreats in Oregon, featuring interviews with retreat attendees, trained facilitators, and Silo Wellness' founder. [4]

The Company plans to utilize the inbound guest leads developed by this piece and others to fill future retreats and to continue to build that part of the business.

[4] https://www.outsideonline.com/outsideplus/.

D. Functional Mushroom and Psychedelic Product Development

Projected: 12 months following listing

Actual: Ongoing

Projected Cost: C$20,000

Actual Cost: C$11,421

These costs are ongoing as the Company works with potential partners in various jurisdictions and in various product categories.

The Company also intends to launch a psychedelic mushroom product line under the Marley name later this year. No decision on the timing or where the psychedelic mushroom product line will be sold. Sales of psychedelic mushrooms would only take place in jurisdictions where they would be legal. This is to be followed by additional functional mushroom products including gummies, capsules and cosmetics. Since the worldwide earned media obtained from the Marley One announcement, the Company has been in discussions with multiple potential manufacturing and formulation partners. The Company is in various stages of product development of additional functional mushroom products including functional mushroom gummies, capsules and tablets.

The Company intends to announce and launch a microdosing psilocybin mushroom product line in Jamaica by years end if it is able to secure product liability insurance that covers psychedelic mushrooms, as that is a contractual requirement in the licensing agreement. The Company has not yet found an insurance company that offers that insurance product. As an emerging risk category, securing insurance has been difficult to source and obtain. In the event that insurance is not placed or the Company is unable to renegotiate terms sufficient to satisfy the licensor and Company, the launch of this line of products under the Marley One brand could be delayed. However, in that case, the Company will launch and offer the products under a different Company brand it will only be in jurisdictions where they would be legal.

E. Inventory

Projected: 12 months following listing

Actual: Ongoing

Projected Cost: $50,000

Actual Cost: $121,825

Since the Listing Date, the Company has secured additional Silo Reboot inventory and secured inventory of its Marley One branded products.

F. Repayment of Promissory Note

MILESTONE

Projected: Q1

Actual: Q1

Projected Cost: C$250,000

Actual Cost: C$391,647

Tthe Company borrowed additional capital from a credit line and incurred additional fees and expenses associated related thereto. It was paid in full and that facility was terminated in the first quarter following the Listing Date.

The variances set forth in the table above and further explained herein could affect the Company's ability to achieve its business objectives and milestones if sales contracts are not converted into revenue, or, alternatively, if the Company is unable to raise additional capital. However, at this point in time the Company expects to do both. The Marley One launch receive global earned-media press coverage resulting in extensive B2B leads, many of which have been converted into sales contracts or have resulted in manufacturing partnership negotiations for additional products.

G. Office and Administration and Unallocated Capital

MILESTONE

Projected:

Actual:

Projected Cost: C$50,000 and C$2,278,322

Actual Cost: C$nil and C$2,741,334

Originally, the unallocated capital was going to be used for the guarantee minimum royalty payments but instead the Company has spent more funds on the combined projected milestones as the Company has engaged additional consultants and other resources to execute its business plan with the launch of Marley One products, Oregon and Jamaica retreat and ongoing management of the Company's affairs. With the US$3 million national distribution agreement with Texas-based distribution and advertising company One Light Enterprises LLC, the Company expects to have enough funds from Marley One product sales to pay the remaining guarantee minimum royalty payments. In addition, the Company is looking at other distribution agreements for its Marley One products.

REGULATORY FRAMEWORKS AND LICENSING REGIME

Below is a summary of the regulatory frameworks and licensing regime applicable to the Company. The Company does not have any direct or indirect involvement with illegal selling, production or distribution of any substances in jurisdictions in which it operates.

Business Segment	**Current/Proposed Location**	**Summary of Applicable Regulatory Frameworks**	**Third-party Suppliers, and/or Manufacturers**	**Agreements/Contracts Related to Operations**
Psychedelic Retreats and Sales	Jamaica	Psilocybin mushrooms and 5-MeO-DMT are not illegal drugs under Jamaica's *Dangerous Drugs Act, 1948*.(7)	Independent suppliers of psilocybin mushrooms Third party resorts	Agreements with: * Rastafari Indigenous Village
Oregon Retreats - Ketamine	Oregon (United States)	*The Federal Food, Drug, and Cosmetic Act*	Third party dispensing pharmacies	Agreements with: *Independent DEA license holders
Functional Mushrooms –	United States	*Food and Drugs Act* (Canada) *Dietary*	Third party manufacturers	

Marley One/Silo Reboot		*Supplement Health and Education Act of 1994*		
	United Kingdom	Not in market yet		LocoSoco Agreement
	Canada	Not in market yet		N/A
I.P. - Licensing	Colombia	Colombian Patent and Trademarks Office		Jungle Med LOI
	Brazil	The Brazilian Patent and Trademarks Office		Jungle Med LOI
I.P. - Patents	United States	The United States Patent and Trademark Office		Patent application
	Jamaica	n/a		
I.P. – Nasal Spray	Jamaica	n/a		

Jamaica – Psychedelics

At present the activities of the Company with respect to psychedelics are legal in Jamaica and are only conducted in Jamaica (other than ketamine). However, any change in Jamaican law, namely the *Dangerous Drugs Act*, declaring Psychedelic Mushroom cultivation as illegal could potentially impact operations in Jamaica. See "*Risk Factors*." The Company does not have any direct or indirect involvement with illegal selling, production or distribution of any substances in jurisdictions in which it operates.

Jamaica has not declared psilocybin or 5-MeO-DMT prohibited drugs under applicable laws. The legislative framework governing controlled substances in Jamaica includes the statutes further described below.

The activities in Jamaica involve the growing of psilocybin mushrooms on the island, the purchase of psilocybin mushrooms on the island, or facilitating retreat participants to purchase psilocybin mushrooms on the island. For 5-MeO-DMT retreats, the Company contracts with a third-party who facilitates retreat participants purchasing synthesized 5-MeO-DMT on the island. Refer to "Risk Factors" below regarding the present scarcity of 5-MeO-DMT on the island.

Data Collection Study in Jamaica

The Company also intends to collaborate with another company on a data-study in coordination with select volunteer participants of the Company's Jamaican psilocybin-facilitated wellness retreats to advance "knowledge on the neurobiology of non-ordinary conscious states". The Company will be responsible for procuring the study sites and for facilitating the administration of psilocybin. If and when a definitive agreement is agreed to between the parties, one such term would require the partner to achieve regulatory approval, if any is required, as well as provide the Company with a letter opinion prior to administering any tests in conjunction with the Company.

The process of conducting research on human subjects in Jamaica is governed by the Ministry of Health, Jamaica Guidelines for the Conduct of Research on Human Subjects (the "Guidelines"). The Company and the partner would be required to ensure that the research study is being conducted in accordance with these Guidelines. The Guidelines provide that prior to conducting research on human subjects, all researchers (i.e., academics, scientists, students, and investigators are required to prepare a research protocol/proposal.

Research protocols should be submitted to the Medical Officer of Health in the parish where the proposed research is to be conducted, for evaluation of the ethical and scientific merits. Where the site of the proposed research includes a hospital, the

Senior Medical Officer of the facility should also receive a copy of the research protocol, and his/her approval to conduct the study should be obtained.

Providing Psychedelics to Consumers in Jamaica

Psilocybin mushrooms and 5-MeO-DMT do not fall within the definition of a dangerous drug under the Dangerous Drugs Act (the "DDA"). The regulation of the sale, manufacturing, importation and distribution of drugs in Jamaica is largely governed by the Food & Drugs Act, 1964 (the "Jamaica FDA") and the Food and Drugs Regulations, 1975 (the "Regulations")

The Dangerous Drugs Act

Psilocybin mushrooms and 5-MeO-DMT are not illegal drugs under Jamaica's *Dangerous Drugs Act, 1948* and do not fall within the definition of a dangerous drug under the *Dangerous Drugs Act, 1948* in Jamaica. The Company's activities in relation to psilocybin mushrooms and 5-MeO-DMT and is limited to the jurisdiction of Jamaica. The *Dangerous Drugs Act, 1948* regulates drugs such as raw opium, coca leaves, Ganja (cannabis), cocaine and morphine but psilocybin and 5-MeO-DMT are not cited as dangerous drugs. However, the *Dangerous Drugs Act, 1948* provides discretion to the Minister of Health (the "**MOH**") to declare by order new categories of drugs as illegal, which could include psychedelics.

The Food and Drugs Act

This statute regulates the procedural aspect of possession, selling, cultivation, and use of specified foods and drugs in Jamaica. As at the date of this MD&A, neither the *Food and Drugs Act, 1954* (the "Jamaica FDA") nor the *Food and Drugs Regulation Act, 1975* inclusive of their schedules, refer to psilocybin or 5-MeO-DMT, and it has not been declared an illegal drug in Jamaica.

It should be noted that the Jamaica FDA prohibits the importation of psilocybin (or any drug) that is imported from a country where it is illegal. Section 4 of the Jamaica FDA prohibits the importation of any drug into Jamaica unless it conforms to the law of the country in which it was manufactured or produced and is accompanied by a certificate declaring that the drug does not contravene any known laws of that country and that its sale therein for consumption or use by or for man or animal, as the case may be, would not constitute a violation of the laws of that country. The Company does not import any drugs into Jamaica or otherwise work with any drugs on the island, as the psychedelics the Company works with in Jamaica are not classified as drugs.

In the event that any compounds that the Company works with in Jamaica were reclassified as drugs, Regulation 40 stipulates that, a person shall not sell, manufacture, import or distribute a drug unless that drug has been registered with the MOH. The Regulations further state that a permit must be obtained from the MOH for the sale, manufacturing, importation and distribution of drugs into Jamaica. Additionally, Regulation 65 states that a person shall not import, sell, advertise for sale, or manufacture a new drug in Jamaica unless that person has obtained a license from the MOH.

Failure to comply with section 4 of the Jamaica FDA shall result in such person being guilty of an offence and liable to a fine not exceeding J$1,000,000 (approximately US$7,093) or to imprisonment with or without hard labour for a term not exceeding twelve months. Where a person committing an offence under the Jamaica FDA is a Company, the chairman, president, the officers and every director thereof concerned in the management of such Company, shall also be guilty of the same offence unless he/she proves that the act or omission constituting the offence took place without his/her knowledge or that he/she exercised all due diligence to prevent the commission thereof.

Regulation 87 provides that any person who fails to comply with the Regulations shall be guilty of an offence and shall be liable to a fine not exceeding J$2,000 (approximately US$15) or to imprisonment for a term not exceeding twelve months.

Section 23 under the PCA stipulates that any person who engages in any prescribed activity without obtaining the requisite license shall be guilty of an offence and liable to a fine not exceeding J$3,000,000 (approximately US$21,277) or to imprisonment for a term not exceeding three years or to both such fine and imprisonment.

Other Regulations

Other local laws such as the *Protection of Plant Genetic Resources for Food and Agriculture Act, the Caribbean Food Company Act,* and *the Agricultural Foods Act* govern the registration and issuance of licenses to deal with the use and regulation of specified plants in the country. However, psilocybin is not currently referenced in such legislation. The definition of a drug under the Jamaican *Pharmacy Act* means "…*any substance or mixture of substances manufactured, sold or represented for use in the diagnosis, treatment, mitigation or prevention of a disease, disorder, abnormal physical state or the symptoms thereof in a man or animal*". Sellers of psilocybin are therefore not permitted to hold out psilocybin as being used to treat medical conditions, similar to how Functional Mushrooms must be marketed in the United States without medical claims, similar to other nutraceutical products.

Oregon Retreats - Ketamine Regulatory Regime

In the United States, ketamine is a Schedule III controlled substance. Pursuant to 21 U.S. Code § 812(b)(3), a Schedule III listed drug 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 license. The sub-anesthetic use of ketamine for certain mental health conditions is a permitted off-label use by a prescribing physician.

Ketamine was approved by the FDA as an anesthetic agent in 1970. Although favorable research focused on ketamine for treatment-resistant depression has been conducted, the applicable patent expired in 2002 making the clinical trial process for most additional FDA-approved indications not cost effective as a generic drug with no patent protection. Consequently, most modern mental health innovations with ketamine are "off-label".[5] When a prescribed drug is approved for use, the FDA has conducted a careful evaluation of its benefits for that 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.[6] This is a very common practice as one in five prescriptions in the United States are for off-label use.[7]

The Oregon ketamine therapy industry is an emerging market and serves a medical market.

The Company obtained legal advice specifically on the prescription of ketamine by naturopathic physicians. The Board of Naturopathic Medicine is the state agency responsible for licensing, regulating and disciplining naturopathic physicians in the State of Oregon, pursuant to Oregon Revised Statutes (ORS) chapter 685 and Oregon Administrative Rules (OAR) chapter 850. In Oregon, naturopathic physicians are approved to prescribe ketamine such as oral ketamine lozenges and nasal sprays in accordance with professional standards of care under OAR 850-060-0223 and OAR 850-060-0226 but naturopathic physicians in Oregon are not permitted to prescribe injectable ketamine.

In the United States, the federal government is responsible for regulating, among other things, the approval, import, sale and marketing of drugs such as ketamine and other psychedelic substances, whether natural or novel. The Corporation does not directly engage in any activities that would trigger the need to comply with any federal laws related to ketamine and other psychedelic substances.

Any physician involved with the administration of ketamine at the Oregon retreat has a DEA license and is authorized to prescribe ketamine. Company compliance policies require participating physicians to prescribe ketamine to be filled by a DEA licensed compounding pharmacy, in accordance with applicable state and federal laws. In the United States, facilities holding

[5] See generally Kraus C, Wasserman D, Henter ID, Acevedo-Diaz E, Kadriu B, Zarate CA Jr. "The influence of ketamine on drug discovery in depression" [published online August 2, 2019]. Drug Discovery Today (https://doi.org/10.1016/ j.drudis.2019.07.007); "Ketamine and Future Depression Treatments." Depressive Disorder Advisor, Psychiatry Advisor (https://www.psychiatryadvisor.com/ home/ depression-advisor/ ketamine-and-future-depression-treatments/).

[6] See U.S. Food & Drug Admin., "Understanding Unapproved Use of Approved Drugs Off Label," Learn About Expanded Access and Other Treatment Options (Feb. 5, 2018) (https://www.fda.gov/ patients/ learn-about-expanded- access-and-other- treatment-options/ understanding- unapproved-use-approved-drugs-label).

[7] See Clancy, Carolyn M., M.D., "Off-Label Drugs: What You Need to Know," Navigating the Healthcare System, U.S. Dept. of Health & Human Services, Agency for Healthcare Research and Quality (Apr. 21, 2009) (https://archive.ahrq.gov/ news/columns/ navigating-the-health-care-system/ 042109.html).

or administering controlled substances must be registeredwith the US Drug Enforcement Agency ("**DEA**") to perform this activity. As such, medical professionals or the clinics in which they operate, as applicable, are also required to have a DEA license to obtain and administer ketamine (a "**DEA License**"). In Oregon, naturopathic physicians with a DEA License may prescribe ketamine lozenges and nasal sprays. To the Company's knowledge, the required medical professionals hold all required DEA Licenses. Furthermore, the medical professionals have in place security, control, recordkeeping, reporting and inventory mechanisms required by the DEA to prevent drug loss and diversion. Medical professionals providing services at the Company's Oregon retreats, hold the required DEA Licenses and the Corporation has put in place policies designed to adhere to DEA requirements. Only DEA License holders prescribe ketamine and dosages are provided by DEA licensed compounding pharmacies. It is the practice of the retreats not to administer ketamine directly to retreat participants but instead the DEA License holder prescribes the ketamine and have the guests dosage provided by a pharmacy. The Company has received legal advice on the matter and has received legal opinions or advice in each jurisdiction where it currently operates or proposes to operate (other than jurisdictions where the applicable legislation has not yet been created or has not yet been passed), confirming the permissibility of the Company's operations in such jurisdictions.

Under the Company's business model, there are no state-specific licenses required to (a) operate a wellness retreat where an independent physician prescribes and/or administers ketamine, (b) store and/or administer ketamine, other than those which mirror the FDA requirements, and (c) operate or provide marketing and non-health services related to the retreat (as set forth in greater detail below).

While the administering of the previously-prescribed ketamine occurs at the retreat site and this is novel and unique in some respects, the prescription of ketamine and the dispensing of ketamine are not novel and are subject to the same restrictions as would apply to any medical professional who prescribes other controlled substances to its patients. There are no specific licenses, permits, authorizations or approvals required that are different from any other ordinary course approvals required by applicable governmental authorities for any medical clinic, which our business is not.

Physicians, in addition to and in association with the health services they independently provide at the site of the retreat, may utilize, in addition to physicians, mid-level practitioners such as physician assistants and nurse practitioners and mental health practitioners such as psychologists and psychotherapists. In the two retreats offered, the health services independently provided by the naturopathic physician were given in conjunction with a psychotherapist that he supervised on site. The exact make-up of the independent staff of the physician may vary for each retreat by location and additional professionals and/or administrative staff may also be employed at the independent discretion of the medical professional.

As of the date hereof, to the best of the Company's knowledge, each of the medical professionals who has rendered services at its retreats are in good standing with the applicable regulatory body that governs such medical professional.

Additionally, the Oregon regulatory authorities could take disciplinary action against a physician offering ketamine therapy at a Company retreat for excessive psychedelic prescriptions. Physician prescription patterns may be tracked and may be used to impose disciplinary action on physicians who prescribe psychedelics at a high rate. If any of the retreat physicians are deemed to be prescribing psychedelics excessively, such physicians could face disciplinary action, including, revocation of the physician's license. Any disciplinary action or license revocation of physicians who render services at a Silo Wellness retreat could result in Oregon retreats not having sufficient access to willing physicians to offer such ketamine services at a Silo Wellness retreat, which could adversely affect the Company's business.

United States - Functional Mushrooms

The Company does not directly or indirectly engage in any activities in the United States (other than the Oregon Ketamine Retreats described herein) that would trigger the need to comply with any federal laws related to psychedelic substances. The Company does not require any licenses, permits or approvals for the Company to conduct its operations related to Functional Mushrooms. The United States is the only country where the website purchases ship to. The website is not used to sell psychedelic products and the Company has no current plans to use its e-commerce website to sell psychedelic mushrooms in any jurisdiction where legally permissible or otherwise.

The psilocybin-free mushroom tinctures that the Company sells in the United States through its online sales platform do not appear in any of the schedules of the *Controlled Substances Act* and are therefore not considered controlled substances in the United States. The following regulations apply to both in-person sales as well as the e-commerce platform. These products

are permitted under the Dietary Supplement Health and Education Act of 1994, which regulates vitamins, minerals, herbs, and other botanicals which can be sold without FDA approval, provided they are labeled as dietary supplements and do not claim to treat, diagnose, cure or alleviate the effects of diseases. Additionally, under the *Federal Food, Drug and Cosmetic Act* (the "FD&C Act") and the *Fair Packaging and Labeling Act*, the United States Food and Drug Administration, ensures the safety of food products, including packaging and labelling requirements for food**.** Nutritional label content requirements, nutritional and health claim regulations are governed by the *Nutrition Labeling and Education Act*. At the state level, there are no specific regulations that apply to the Functional Mushroom products of Silo.

The FDA regulates the formulation, manufacturing, preparation, packaging, labeling, holding, and distribution of foods, drugs and dietary supplements under the FFDCA and the Dietary Supplement Health and Education Act of 1994 ("**DSHEA**"). "Dietary supplements" are defined as vitamins, minerals, herbs, other botanicals, amino acids and other dietary substances for human use to supplement the diet, as well as concentrates, metabolites, constituents, extracts or combinations of such dietary ingredients. Generally, under DSHEA, dietary ingredients that were on the market prior to October 15, 1994 may be used in dietary supplements without notifying the FDA. New dietary ingredients (i.e., not marketed in the U.S. prior to October 15, 1994) must be the subject of a new dietary ingredient notification submitted to the FDA unless the ingredient has been "present in the food supply as an article used for food" without being "chemically altered." A new dietary ingredient notification must provide the FDA with evidence of a "history of use or other evidence of safety" establishing that use of the dietary ingredient, when used under the conditions recommended or suggested in the labeling of the dietary supplement, "will reasonably be expected to be safe." A new dietary ingredient notification must be submitted to the FDA at least 75 days before the initial marketing of the new dietary ingredient. There can be no assurance that the FDA will accept the evidence of safety for any new dietary ingredients that the Company may want to market, and the FDA's refusal to accept such evidence could prevent the marketing of such dietary ingredients. Silo is not aware of any current or intended functional mushroom ingredients that would be subject to this regime.

The DSHEA revised the provisions of the FFDCA concerning the composition and labeling of dietary supplement ingredients and products. Under the DSHEA, dietary supplement labeling must include the statement of identity (name of the dietary supplement), the net quantity of contents statement (amount of the dietary supplement), the nutrition labeling, the ingredient list, and the name and place of business of the manufacturer, packer, or distributor. The DSHEA also states that dietary supplements may display "statements of nutritional support," provided certain requirements are met. Such statements must be submitted to the FDA within 30 days of first use in marketing and must be accompanied by a label disclosure that "This statement has not been evaluated by the Food and Drug Administration. This product is not intended to diagnose, treat, cure, or prevent any disease." Such statements may describe how a particular dietary ingredient affects the structure, function or general well-being of the body, or the mechanism of action by which a dietary ingredient may affect body structure, function or well-being, but may not expressly or implicitly represent that a dietary supplement will diagnose, cure, mitigate, treat, or prevent a disease.

Any statement of nutritional support the Company makes in labeling must possess scientific evidence substantiating that the statement is truthful and not misleading. If the FDA were to determine that a particular statement of nutritional support was an unacceptable drug claim or an unauthorized version of a health claim about disease risk reduction for a food product, or if the FDA were to determine that a particular claim was not adequately supported by existing scientific data or was false or misleading, the Company would be prevented from using that claim. In addition, the FDA deems promotional and internet materials as labeling; therefore, the Company's promotional and internet materials must comply with FDA requirements and could be the subject of regulatory action by the FDA, or by the Federal Trade Commission (the "FTC") if that agency or other governmental authorities, reviewing the materials as advertising, considers the materials false and misleading.

U.S. laws also require recordkeeping and reporting to the FDA of all serious adverse events involving dietary supplements products. The Company will need to comply with such recordkeeping and reporting requirements, and implement procedures governing adverse event identification, investigation and reporting. As a result of reported adverse events, health and safety risks or violations of applicable laws and regulations, the Company may from time to time elect, or be required, to recall, withdraw or remove a product from a market, either temporarily or permanently.

The Company's expected nutraceutical products will be considered "food" and must be labeled as such. Within the U.S., this category of products is subject to the federal Nutrition, Labeling and Education Act ("NLEA"), and regulations promulgated under the NLEA. The NLEA regulates health claims, ingredient labeling and nutrient content claims characterizing the level

of a nutrient in the product. The ingredients in conventional foods must either be generally recognized as safe by experts for the purposes to which they are put in foods, or be approved as food additives under FDA regulations. If the Company's expected nutraceutical products were regulated as foods, it would be required to comply with the Federal Food Safety & Modernization Act and applicable regulations. The Company would be required to provide foreign supplier certifications evidencing the Company's compliance with FDA requirements.

The FDA has broad authority to enforce the provisions of the FFDCA applicable to foods, drugs, dietary supplements, and cosmetics, including powers to issue a public warning letter to a company, to publicize information about illegal or harmful products, to request a recall of products from the market, and to request the United States Department of Justice to initiate a seizure action, an injunction action, or a criminal prosecution in the U.S. courts. The Company could be subject to fines and penalties, including under administrative, civil and criminal laws for violating U.S. laws and regulations, and the Company's expected nutraceutical products could be banned or subject to recall from the marketplace. The Company could also be subject to possible business and consumer claims under applicable statutory, product liability and common laws.

The FTC will exercise jurisdiction over the advertising of the Company's expected nutraceutical products in the United States. The FTC has in the past instituted enforcement actions against several dietary supplement and food companies and against manufacturers of dietary supplement products, including for false and misleading advertising, label claims or product promotional claims. In addition, the FTC has increased its scrutiny of the use of testimonials, which the Company may utilize, as well as the role of endorsements and product clinical studies.

The Company cannot be sure that the FTC, or comparable foreign agencies, will not question the Company's advertising, product claims, promotional materials or other operations in the future. The FTC has broad authority to enforce its laws and regulations, including the ability to institute enforcement actions that could result in recall actions, consent decrees, injunctions, and civil and criminal penalties by the companies involved. Failure to comply with the FTC's laws and regulations could impair the Company's ability to market the Company's expected nutraceutical products.

The Company will also be subject to regulation under various state and local laws, ordinances and regulations that include provisions governing, among other things, the registration, formulation, manufacturing, packaging, labeling, advertising, sale and distribution of foods and dietary supplements. In addition, in the future, the Company may become subject to additional laws or regulations administered by the FDA or by other federal, state, local or foreign governmental authorities, to the repeal of laws or regulations that the Company considers favorable, or to more stringent interpretations of current laws or regulations. In the future, the Company believes that the dietary supplement industry will likely face increased scrutiny from federal, state and local governmental authorities. It is difficult to predict the effect future laws, regulations, repeals or interpretations will have on the Company's business.

However, such changes could require the reformulation of products, recalls or discontinuance of products, additional administrative requirements, revised or additional labeling, increased scientific substantiation or other requirements. Any such changes could have a material adverse effect on the Company's business or financial performance.

United Kingdom – Functional Mushrooms

The Company has not entered the United Kingdom market with its functional mushrooms products. The Company has no controlled substances operations in the United Kingdom. For functional foods and nutraceuticals, the Company must comply with general UK food laws. Ordinarily, food and food ingredients do not need to be pre-authorized before they can be placed on the market. However, "novel foods," which are foods that have not been consumed to a significant degree by humans in the EU before 15 May 1997 do require pre-authorization under the EU Novel Foods Regulation (EU) 2015/2283. Silo's products are not considered a novel food.

In the event Silo Wellness intends to place a novel food on the market in the EU, it must be authorized in advance. Under the updated EU Novel Foods Regulation, novel foods authorizations are now generic and not applicant-specific as they were under the previous novel foods legislation. As such, in principle, once authorized, anyone can place the authorized novel food on the EU market provided that it complies with the terms of the authorization which include conditions of use, specifications and labelling requirements.

Since novel food applications are a material investment, companies are using two routes to try to protect their assets: drafting the application narrowly and as specific as possible to their own product, making it more challenging for other companies to produce an ingredient that meets the conditions of the authorization; and if the application relies on newly developed scientific evidence which is designated by the applicant as proprietary in the application, and accepted as such in the application process, that proprietary evidence will be protected by a 5-year period of exclusivity for the applicant for that novel ingredient.

In broad terms, the information required in the application dossier includes: a description of the production process; the detailed composition of the novel food; scientific evidence demonstrating that the novel food does not pose a safety risk to human health; and the proposed conditions of intended use and labelling requirements. The responsibility to obtain a novel foods authorization would be that of the person who intended to commercialize the product, and not the manufacturer of the psilocybin/psilocin itself.

In addition to novel foods legislation, the person who intends to commercialize the product in the UK would also have to comply with the full body of food legislation, which includes food labelling and food hygiene requirements.

There is currently no uniform regulation applicable to natural health products worldwide and there has been an increasing movement in certain foreign markets to increase the regulation of natural health products. The adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements may result in compliance costs or lead us to discontinue product sales and may have an adverse effect on the marketing of our products, resulting in loss of sales.

Canada – Non-Psychedelics (Functional Mushrooms)

The Company does not directly or indirectly engage in any activities in Canada that would trigger the need to comply with any federal laws related to psychedelic substances. The Company does not, at this time, require any licenses, permits or approvals for the Company to conduct its operations related to functional mushrooms. The Company has not yet entered the Canadian market with its functional mushroom products. Upon entry into that market, the regulatory regime for Silo's functional mushroom tinctures are subject to regulation in Canada by the *Food and Drugs Act* (Canada) and the *Consumer Packaging and Labelling Act* (Canada).

In Canada, the Food and Drug Act ("Canadian FDA") and Food and Drug Regulations ("FDR") made pursuant to the FDA, regulate food and drugs in Canada. The FDA regulates the production, import, export, transport across provinces and sale of food, drugs, contraceptive devices and cosmetics (including personal cleaning products such as soap and toothpaste). Health Canada is primarily responsible for administering the Canadian FDA and the Canadian Regulations.

Silo Wellness' Functional Mushroom extracts are food products under the Canadian FDA and, once in market, are subject to the Canadian FDA's requirements for product composition (including, among other things, additives, fortification, and food standards), packaging, and licensing requirements. The Canadian FDA regime does not require clearance or pre-approvals of Silo's Functional Mushroom extracts, however compliance with labelling, promotions and distribution is ongoing. The packaging and labelling of Silo Wellness' Functional Mushroom extracts is subject to the *Canadian Consumer Packaging and Labelling Act* which provides for mandatory label requirements, including the bilingual presentation of label information and the prevention of misleading or fraudulent statements.

At the provincial level, there are no specific regulations that apply to the marketing and sale of food products as the provincial regulation defers to the rules set out federally.

Natural health products (NHPs), prescription drugs, and non-prescription drugs are all classified and regulated under the Canadian FDA. The product safety, quality, manufacturing, packaging, labeling, storage, importation, advertising, distribution, sale and clinical trials of NHPs, drugs, cosmetics and foods are subject to regulation primarily under the Canadian FDA and associated regulations, including the Food and Drug Regulations, Cosmetic Regulations and the Natural Health Products Regulations, and related Health Canada guidance documents and policies (collectively, the "Canadian Regulations"). In addition, drugs and NHPs are regulated under the federal Controlled Drugs and Substances Act if the product is considered a "controlled substance" or a "precursor," as defined in that statute or in related regulatory provisions.

Health Canada is primarily responsible for administering the Canadian FDA and the Canadian Regulations.

The Canadian FDA and Canadian Regulations also set out requirements for establishment and site licenses, market authorization for drugs and NHP licenses. Each NHP must have a product license or a Homeopathic Medicine Number ("DIN-HM") issued by Health Canada before it can be sold in Canada. Health Canada assigns a natural health product number ("NPN") to each NHP once Health Canada issues the license for that NHP. The Canadian Regulations require that all drugs and NHPs be manufactured, packaged, labeled, imported, distributed and stored under Canadian Good Manufacturing Practices ("GMP") or the equivalent thereto, and that all premises used for manufacturing, packaging, labeling and importing drugs and NHPs have a site license (NHPs) or establishment license (drugs), which requires GMP compliance. The Canadian Regulations also set out requirements for labeling, packaging, clinical trials and adverse reaction reporting.

The Canadian FDA and Canadian Regulations, among other things, govern the manufacture, formulation, packaging, labeling, advertising and sale of NHPs and drugs, and regulate what may be represented on labels and in promotional materials regarding the claimed properties of products. The Canadian Regulations also require NHPs and drugs sold in Canada to affix a label showing specified information, such as the proper and common name of the medicinal and non-medicinal ingredients and their source, the name and address of the manufacturer/product license holder, its lot number, adequate directions for use, a quantitative list of its medical ingredients and its expiration date. In addition, the Canadian Regulations require labeling to bear evidence of the marketing authorization as evidenced by the designation drug identification number, DIN-HM or NPN, followed by an eight-digit number assigned to the product and issued by Health Canada.

The Company's current nutraceutical products will be considered "food" and, as such, will be principally regulated under the Canadian FDA and the Canadian Regulations. The Company must ensure that the labelling, marketing and selling of any of its products comply with the Canadian FDA, including by ensuring that the Company's products are not packaged or marketed in a manner that is misleading or deceptive to a consumer.

Other Psychedelics in U.S.

In the United States, psilocybin is a Schedule I controlled substance and Silo Wellness has no operations involving Schedule I substances in the U.S. Within the U.S., the Company's nasal spray product is considered a Schedule 1 controlled substance and thus possession of it is prohibited by U.S. federal law subject to appropriate authorizations from the drug enforcement agency. It is also very difficult to obtain a research permit in respect of such a substance. However, the passage of Measure 109 in Oregon in November 2019, among other things, authorizes the Oregon Health Authority to permit licensed service providers to administer psilocybin in therapeutic settings after a two-year rulemaking development period. Notwithstanding that it remains a Schedule I controlled substance in the U.S., the passing of Measure 109 permits the development of a state regulatory regime for psilocybin. The state legalization of psilocybin in Oregon is similar to the state-by-state legalization of adult-use cannabis which, similar to psilocybin, remains federally illegal. Silo does not intend to deal with psilocybin in the U.S. in the foreseeable future.

As a result of Measure 109, there is a possibility that the Company may choose to expand its operations to the State of Oregon. While any activity in Oregon will be in compliance with laws applicable to Oregon, the decision to pursue operations in Oregon will depend on the regulatory framework established by the state government. There is a possibility that operations of the Company that are in compliance with the laws of Oregon could conflict or be in contravention of the federal laws of the United States. In such a circumstance, the Company's existing operations in the United States, and any future operations or investments, may become the subject of heightened scrutiny or enforcement by regulators, stock exchanges and other authorities in Canada and the United States. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to operate or invest in the United States or any other jurisdiction. While currently the Company operates in compliance with applicable laws and as such is not prohibited from sourcing any access public or private capital, in the event that the Company's activities in Oregon are in violation of applicable United States federal laws, it may have difficulty accessing the service of banks or sourcing financing on commercially reasonable terms or at all.

The Company expects that legislation of similar natures may be introduced in other jurisdictions in the coming years, as well as additional ballot measures similar to Measure 109. The Company cannot comment on the regulatory framework in any such jurisdiction as it has not been created. The Company will assess its options to conduct legal business in such jurisdictions when State or Provincial, as applicable, and Federal regulations are established and may seek any required licenses or approvals at that time. See "Risk Factors".

Intellectual Property - Patent Cooperation Treaty

The Company filed Patent Cooperation Treaty ("PCT") Application number PCT/US2020/040826 for Metered doing compositions and methods of use of psychedelic compounds. The PCT application was filed July 3, 2020 claiming priority to a U.S. Provisional utility application filed July 4, 2019. It is currently intended to continue prosecution of the patent application by entering the National Stage in several countries including the United States and Jamaica. Per the request of the international searching authority, the Company will also consider filing this application as multiple divisional applications. This further action will be taken no later than January of 2022 per the statutory deadlines for National Stage entry.

The description and claims of the patent do include formulations comprised of substances that are named under the Federal Controlled Substances Act ("CSA") of the United States. This does not have any bearing on the patentability of the claims and the Company received legal advice confirming the same. Federal illegality under the CSA is irrelevant to patentability. 35 U.S.C. §101 states: "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter…may obtain a patent therefor…." This invention falls within this statute as it is a composition of matter and subsequent method of use or process. Furthermore, the invention does not fall within any of the judicial or legislative exceptions to patentable subject matter.

The PCT facilitates filing for patent recognition in multiple jurisdictions simultaneously using a single uniform patent application. 193 countries, including Canada and the United States have ratified the PCT. Ultimately, patents are still granted in each country individually. As such, the PCT procedure consists of two phases: filing of an international application, and national evaluation under the patent laws in force in each country where a patent is sought. Within 30 months of the provisional filing date, deadlines begin for a PCT application to enter the national phase in desired jurisdictions globally, such as Canada (30 months) and Europe (31 months), in each case claiming priority to the provisional patent application.

While the Company's patent application is focused on Schedule I psychedelics in metered-dosing forms, the Company does not have any direct or indirect involvement with the illegal selling, production or distribution of any substances in the jurisdictions in which it operates. The Company is exploring licensing agreements of the pending intellection property it has developed with the nasal spray and other metered-dosing modalities covered under its patent application. While licensing may occur in other jurisdictions without clinical approval, in order to be commercialized in such a jurisdiction and go to market, extensive regulatory approval may need to occur by the licensee within approved laboratory clinical trial settings conducted within approved regulatory frameworks. Any licensing agreements obtained by the Company will require the licensee to comply with local regulations prior to going to the market.

IP Licensing - Brazil and Colombia

On April 15, 2021, the Company signed a binding Letter of Intent for a multi-year patent licensing agreement with Jungle Med Inc. (the "Jungle Med LOI"), 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. While the Company may monetize the licensing of the IP prior to legalization or regulatory approval, the nasal spray would not be able to go to market and result in any further revenue via royalties without the licensee confirming one of the following: (1) a change in laws allowing psilocybin extract or isolated psilocybin to go to market under some sort of legal regime such as a nutraceutical or other plant-based natural wellness product or new regime specific to psychedelics; or (2) that the licensee has secured the proper regulatory approval via a pharmaceutical clinical trial route. The product currently is illegal to manufacture and distribute until one of those items is secured. If or when this LOI is finalized into a definitive agreement, the parties would require legal opinions by the licensee to be secured before going to market, among other commercially reasonable terms common in licensing of intellectual property.

Though highly speculative, should any prescription drug product covered under the existing intellectual property be developed by the Company or a licensee (which, if it does occur, would not be for several years), such drug product will not be commercialized prior to receipt of applicable regulatory approval, which will only be granted if clinical evidence of safety and efficacy for the intended use(s) is successfully developed. The Company may also employ non-prescription drugs, where appropriate and allowed by the jurisdiction regarding the Company's intellectual property.

Outside Jamaica, Canada and United States

In foreign markets, prior to commencement of operations and prior to making sales, the Company may be required to obtain approval, license, or certification from the country's agency governing health. The approval process can be lengthy and costly and may require reformulation of products or labeling. However, the Company's failure to comply with foreign regulations could result in products being rejected for sale in such country. Currently, the Company does not have any plans to operate in foreign markets outside of Canada and the United States aside from Jamaica as outlined above. If the Company choses to establish operations outside of Jamaica, prior to commencing operations in any given country the Company will obtain legal advice from counsel with regards to sale or manufacturing of its products.

COMPLIANCE PROGRAM

The Company oversees and monitors compliance with applicable laws in each jurisdiction in which it operates. In addition to the Company's senior executives and the employees responsible for overseeing compliance, the Company has local regulatory/compliance counsel engaged in every jurisdiction (state and local) in which it operates. The principal medical professional at each wellness retreat serves as the liaison to provincial, state and/or local governmental authorities. The Company has developed protocols for use in all of its wellness retreats with the goal of ensuring that each of the wellness retreat operations and employees strictly comply with applicable laws and regulations and that operations do not endanger the health, safety or welfare of the community. Additionally, the Company has medical advisors with cross-functional expertise in business, neuroscience, pharmaceuticals, mental health and psychedelics to advise management.

Management of the Company oversees and implements training on the Company's protocols. The Company will continue to work closely with external counsel and other compliance experts, and is evaluating the engagement of one or more independent third party providers to further develop, enhance and improve its compliance and risk management and mitigation processes and procedures in furtherance of continued compliance with the laws of the jurisdictions in which the Company operates. The programs currently in place include continued monitoring by executives of the Company to ensure that all operations conform to and comply with required laws, regulations and operating procedures.

Prior to the engagement of employees, consultants and third-parties, management of the Company conducts due diligence on such employee, consultant and third-party's qualifications, good standing with the applicable regulatory body and validity of applicable licenses and approvals. The Company also obtains under its contractual arrangements, representations and warranties from such employees, consultants and third parties with respect to compliance with applicable licensing requirements and regulatory framework required.

The Company further requires that each wellness retreat and all third parties in which it is engaged with report and disclose all instances of non-compliance, regulatory, administrative, or legal proceedings that may be initiated against them. The Company and, to its knowledge, each of its third-party researchers, suppliers, manufacturers and distributors are currently in compliance with the laws and regulations in all jurisdictions and the related licensing framework applicable to its business activities and have not received any non-compliance, citations or notices of violation which may have an impact on the Company's licenses, business activities or operations.

The Company has received legal opinions or advice in each jurisdiction where it currently operates or proposes to operate confirming the permissibility of the Company's operations in such jurisdictions.

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.

If and when a definitive agreement is agreed to between the parties, one such term would require the partner to achieve regulatory approval, if any is required, as well as provide the Company with a letter opinion prior to administering any tests in conjunction with the Company.

The process of conducting research on human subjects in Jamaica is governed by the Ministry of Health, Jamaica Guidelines for the Conduct of Research on Human Subjects (the "Guidelines"). The Company and the partner would be required to ensure that the research study is being conducted in accordance with these Guidelines. The Guidelines provide that prior to conducting research on human subjects, all researchers (i.e., academics, scientists, students, and investigators are required to prepare a research protocol/proposal.

Research protocols should be submitted to the Medical Officer of Health in the parish where the proposed research is to be conducted, for evaluation of the ethical and scientific merits. Where the site of the proposed research includes a hospital, the Senior Medical Officer of the facility should also receive a copy of the research protocol, and his/her approval to conduct the study should be obtained.

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 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 JungleMed 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.

Since the execution of the Jungle Med LOI, the parties have continued negotiations on the definitive agreement with respect to the licensing of its psilocybin nasal spray in the countries of Colombia and Brazil. The Jungle Med LOI has not progressed to a definitive agreement as at the date of this MD&A. Furthermore, the licensing of the Company's psilocybin nasal spray in the countries of Colombia and Brazil pursuant to the Jungle Med LOI and any definitive agreement is subject to estimates and assumptions including the regulatory regime in Colombia and Brazil with respect to intellectual property (see "Regulatory Framework and Licensing Regime - IP Licensing - Brazil and Colombia"), the continued development of the Company's psilocybin nasal spray and funding required (see "Description of Business - Psilocybin-Based Nasal Spray") and the approval of the Company's provisional patent.

Partnership with Kaivalya Kollectiv and Retreats Update

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.

The Company anticipates continuing to host its psilocybin wellness retreats in Jamaica, augmented by 5-MeO-DMT wellness retreats in Jamaica in collaboration with Kaivalya Kollectiv and its ketamine assisted wellness retreats in Oregon. As at the date of this document, the Company has facilitated nine retreats, two of which have been with 5-MeO-DMT and anticipates hosting additional retreats later this year. The addition of a 5-MeO-DMT offering to the Silo Wellness retreats was through a collaboration with Kaivalya Kollectiv whereby expenses and profits were shared and costs to Silo Wellness were not significantly different from its other retreats. Furthermore, the partnership with Kaivalya Kollectiv is subject to estimates and assumptions including the regulatory regime in Jamaica with respect to 5-MeO-DMT (see "Regulatory Framework and Licensing Regime – Jamaica – Psychedelics"), the sufficient supply of 5-MeO-DMT in Jamaica and that the COVID-19 pandemic would not have an adverse impact on travel to Jamaica to participate in such wellness retreats.

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.

In furtherance of this project, the Company has identified and secured a retail location in Ochos Rios near a busy cruise ship port. The lessor has agreed to defer through November 2021. This project is ongoing and the Company has set an initial budget of $50,000 for renovations to the retail location.

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. At this time, there is no decision on timing and where the Company plans on launching the psychedelic mushroom product line under the Marley name product except that it would be in jurisdictions where they would be legal. 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.

The Company continues to seek distribution and wholesale/retail contracts utilizing a team of commission-based sales representatives. Since the Listing Date, the Company has built a sales team of approximately ten business development sales representatives across North America and in Europe. These individuals have attended various trade shows and pursued potential sales contracts and purchase orders. Additional sales collateral needs to be developed as well as purchase-order financing or advance payment deposits to further advance closing sales opportunities.

Trading on the OTCQB

On July 13, 2021, the Company announced that its common shares are now trading on the OTCQB® Venture Market under the symbol "SILFF". The OTCQB® Venture Market is for entrepreneurial and development stage U.S. and international companies, and trading on the OTCQB will enhance the visibility and accessibility of Silo Wellness to U.S. investors.

Distribution agreement signed with LocoSoco Limited for U.K. market distribution

On August 5, 2021, the Company announced a nationwide distribution partnership with Essex-based U.K. brand distributor LocoSoco Group Plc ("LocoSoco") (DIMA: AV), pursuant to a distribution agreement dated August 4, 2021 (the "Distribution Agreement"). The Distribution Agreement stipulates LocoSoco as the exclusive U.K. distributor for Silo Wellness' full portfolio of Marley One branded mushroom products.

LocoSoco will distribute the full line of Marley One mushroom products, beginning with the brand's initial five functional mushroom tinctures, to independent retailers, buying groups, health food stores, online retailers and influencers and their ecommerce affiliates, across the United Kingdom. The exclusive distribution by LocoSoco is based on a minimum commitment of orders with a value of US $1.4M of Marley One products. The Agreement reflects consumer demand for mushroom-based wellness products and the market potential for functional mushrooms in particular, which constituted a GBP £18,409 million, or US$25,415 million market globally, in 2020, according to Mordor Intelligence. The global psychedelic drugs market at large is projected to reach US$6.85 billion by 2027, growing at a CAGR of 16.3% over the next eight years, according to Data Bridge Market Research.

Since the execution of the Distribution Agreement, the Company has been expanding its inventory and logistical infrastructure to satisfy distribution requirements under the Distribution Agreement and been in discussion with LocoSoco as to brand awareness and marketing opportunities for the Marley One brand in the United Kingdom. As at the date of this MD&A, the Company has not yet delivered any products to LocoSoco. Furthermore, Distribution Agreement is subject to estimates and assumptions including the ability of the Company to continue to satisfy minimum royalty payments under the Licensing Agreement (see "Liquidity and Financial Resources"), a favourable regulatory regime in the United Kingdom with respect to the regulation of functional mushroom products (see "Regulatory Framework and Licensing Regime - United Kingdom –

Functional Mushrooms"), the ability of the Company's third-party manufacturer to satisfy the demand under the Distribution Agreement (see "Description of Business - Psilocybin-Free Functional Mushroom Tinctures"), the ability of the Company to fund inventory purchases (see "Liquidity and Financial Resources) and the demand for functional mushroom products in the United Kingdom.

U.S. sales and distribution partnership for Marley One line of Functional mushrooms

On August 19, 2021, the Company announced a $3 million national distribution agreement with Texas-based distribution and advertising company One Light Enterprises LLC. ("One Light") for Silo Wellness' portfolio of Marley One branded mushroom products across 47 U.S. states (the "One Light Distribution Agreement"). One Light will distribute the full line of Marley One mushroom products, beginning with the brand's initial five functional mushroom tinctures, to retailers across the U.S. Silo Wellness also intends to launch a psychedelic mushroom product line under the Marley name later this year. At this time, no the decision on timing and where the Company plans on launching the psychedelic mushroom product line under the Marley name product. Sales of psychedelic mushrooms would only take place in jurisdictions where they would be legal. This is to be followed by additional functional mushroom products including gummies, capsules, and cosmetics.

Since the execution of the One Light Distribution Agreement, the Company has been expanding its inventory and logistical infrastructure to satisfy distribution requirements under the Distribution Agreement and been in discussion with One Light as to brand awareness and marketing opportunities for the Marley One brand in the United States. As at the date of this MD&A, the Company has not yet delivered any products to One Light for distribution. Furthermore, the One Light Distribution Agreement is subject to estimates and assumptions including the ability of the Company to continue to satisfy minimum royalty payments under the Licensing Agreement (see "Liquidity and Financial Resources"), a favourable regulatory regime in the United States with respect to the regulation of functional mushroom products (see "Regulatory Framework and Licensing Regime - United States - Functional Mushrooms") and psilocybin (see "Regulatory Framework and Licensing Regime – Other Psychedelics in the U.S."), the ability of the Company's third-party manufacturer to satisfy the demand under the One Light Distribution Agreement (see "Description of Business - Psilocybin-Free Functional Mushroom Tinctures"), the ability of the Company to fund inventory purchases (see "Liquidity and Financial Resources) and the demand for functional mushroom products in the United States.

Loan agreement and shares for services

On August 11, 2021, the Company entered into a loan agreement with an arm's length third party lender (the "Lender") pursuant to which the Company borrowed US$250,000 for working capital and inventory growth purposes (the "Loan"). Subsequently, the Company entered into a debt settlement agreement with the Lender to settle US$144,000 of the Loan in exchange for 2,500,000 Common Shares at a deemed price of C$0.072 per Common Share, representing a 20% discount to the closing price of the Common Shares on August 11, 2021 (the "Shares for Debt"). The remaining principal amount of the Loan remains outstanding. Completion of the Shares for Debt is subject to compliance with applicable regulations, including policies of the CSE.

The Company has agreed to issue Common Shares to two arm's length service providers in accordance with previously agreed arrangements (the "Shares for Services"). Pursuant to various agreement for services, the Company intends to issue an aggregate of 5,310,000 Common Shares with 5,000,000 Common Shares issued at a deemed price of C$0.13 and 310,000 Common Shares issued at a deemed price of C$0.10. Completion of the Shares for Services is subject to compliance with applicable regulations, including policies of the CSE.

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.

The Company is currently focused its attention on distributing its Marley One line of non-psychedelic Functional Mushroom products and retreats and has not conducted further testing of its patent-pending nasal spray.

CORPORATE RESULTS

Significant Accounting Policies and Critical Estimates and Assumptions.

Please refer to the Note 3 to the July 31, 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. 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. The COVID-19 pandemic may negatively impact the Company's business through disruption of supply and manufacturing, which would influence the amount and timing of revenue and planned expenditure. Travel restrictions in Canada, the US and Jamaica delay and impact people's ability to attend retreats in Oregon and Jamaica. At this time, the Company has not experienced any material disruption of supply or manufacturing related to COVID-19.

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	July 31, 2021	April 30, 2021	January 31, 2021	October 31, 2020	July 31, 2020	April 30, 2020	January 31, 2020	October 31, 2019
Revenues	$ 14	$ 30	$ 19	$ 6	$ -	$ -	$ -	$ -
Loss and comprehensive loss for the period	1,181	3,440	273	452	359	245	329	463
Loss per share	0.02	0.06	0.01	0.02	0.02	0.02	0.02	0.03

Comparison of the three months ended July 31, 2021 and 2020

The Company reported $13,747 sales revenue in the third quarter ended July 31, 2021 (2020 - $nil). The sale revenue was from the sales of Marley One. There was no retreat revenue in the quarter. The Company did not generate any revenues in the comparative quarter. The cost of goods sold for the quarter was $93,005 mainly from the Jamaica and Oregon retreats and the gross margin was a loss of $79,258. The cost of goods sold was high in the quarter because it is the fourth quarter of sales and there were supplies and shipping costs spent for the preparation of initial sales.

Expenses for the quarter totaled $1,101,997, compared to $359,278 in the third quarter in 2020.

Advertising and promotion fees were $229,237 (2020 – nil). The increased advertising and promotional expenses related to the Company's launch of the Marley One brand and other marketing initiatives.

Directors' fees and management fees were $65,852 (2020 - $144,233) and consulting fees were $413,557 (2020 - $52,937). The increase in directors and management fee and consulting fees relate the increased employees and consultants in the Company in 2021 compared to the same period in 2020.

Professional fees were $42,854 (2020 - $39,605). The Company professional fees increased due to increase legal and accounting fees in the current period.

General and administrative expenses were $271,663 (2020 - $26,728). The increased G&A expenses related to the Company becoming publicly listed along with the increased costs launching the Marley One brand.

Stock based compensation was $71,943 (2020 – nil). During the three months ended July 31, 2021, the Company issued 1.3 million options to the consultants of the Company. No options were granted in 2020.

Amortization of intangible assets for the quarter was $nil (2020 - $82,226). No amortization of the intangibles occurred in Q3 2021 as the intangibles were fully amortization in prior periods.

Net loss and comprehensive loss for the third quarter in 2021 was $1,174,739 (2020 - $359,278). Net loss per share, basic and diluted, for the third quarter of 2021 was $0.02 (2020 - $0.02).

Comparison of the nine-month period ended July 31, 2021 and 2020

The Company reported $63,134 sales revenue in the nine-month period ended July 31, 2021 (2020 - nil). The Company did not generate any revenues in the comparative period. Marley One and Silo Reboot sales were $26,164 and retreat sales were $36,970. The cost of goods sold for the period was $199,725; $175,239 related to retreats and $24,486 related to Marley One and Silo Reboot sales and the gross margin was a loss of $136,591. The cost of goods sold was high in the period because it is the fourth quarter of sales and there were supplies and shipping costs spent for the preparation of initial sales.

Expenses for the period totaled $3,584,230, compared to $932,834 in the same period in 2020.

Advertising and promotion fees were $649,481 (2020 – nil). The increased advertising and promotional expenses related to the Company's launch of the Marley One and other marketing initiatives.

Directors' fees and management fees were $392,516 (2020 - $349,388) and consulting fees totaled $602,124 (2020 - $169,648). The increase in directors and management fee and consulting fees relate the increased employees and consultants in the Company in 2021 compared to 2020.

Professional fees were $498,392 (2020 - $63,748). The Company professional fees increased due to increase legal and accounting fees related to the RTO.

General and administrative expenses were $630,921 (2020 - $90,380). The increased G&A expenses related to the Company going public in Q2 2021, ongoing public company listing expenses and with the increased costs to launch the Marley One brand.

Stock based compensation was $681,056 (2020 – nil). During the nine months ended July 31, 2021, the Company issued 6.0 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 Yukoterre on March 1, 2021.

Amortization of intangible assets for the period were $54,520 (2020 - $244,891).

Net loss and comprehensive loss for the period were $4,888,508 (2020 - $932,834). Net loss per share, basic and diluted, for the period was $0.10 (2020 - $0.05).

LIQUIDITY AND FINANCIAL RESOURCES

The Company has incurred losses since inception and as at July 31, 2021 has a cumulative deficit of $7,661,597 (October 31, 2020 - $2,783,053); working capital of $381,201 (October 31, 2020 - deficit of $90,139); negative cash flow from operations for the period ended July 31, 2021 of $3,325,765 (2020 - $106,422); and has a shareholders' equity of $381,201 as at July 31, 2021 (October 31, 2020- deficiency of $35,619).

Silo is still implementing its business model with the launch of Marley One functional mushroom in June 2021 and has not yet generated operating profits. The Company intends to prioritize expenses related to the Marley One Function Mushroom lines and for inventory purchases. 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.

With the US$3 million national One Light Distribution Agreement, the Company expects to have enough funds from Marley One product sales to pay the remaining guarantee minimum royalty payments. The One Light Distribution Agreement is for a term of 24 months, although there are incentives for One Light to complete the full US$3 million order within 90 days of the agreement. In addition, the Company is looking at other distribution agreements for its Marley One products.

The Company has a lease commitment with regards to a store lease in Ochos Rios Jamaica. The lease is for three years with the option to renew at a monthly rate of approximately US9,000. The Company intends to fund the required lease payments from operations and sales of Marley One products.
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The Company has no commitment capital expenditures as this time.

Due to cash constraints, the Company paid for 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 ($54,563) 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 ($2,808). 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 August 11, 2021, the Company entered into a loan agreement with an arm's length third party lender (the "Lender") pursuant to which the Company borrowed US$250,000 for working capital and inventory growth purposes (the "Loan"). Subsequently, the Company entered into a debt settlement agreement with the Lender to settle US$144,000 of the Loan in exchange for 2,500,000 Common Shares at a deemed price of C$0.072 per Common Share, representing a 20% discount to the closing price of the Common Shares on August 11, 2021 (the "Shares for Debt"). The remaining principal amount of the Loan remains outstanding. Completion of the Shares for Debt is subject to compliance with applicable regulations, including policies of the CSE.

SUMMARY OF CONTRACTUAL OBLIGATIONS

The cash obligations related to the Company's financial liabilities as at July 31, 2021 are:

	July 31, 2021	October 31, 2020
	$	$
Accounts payables and accrued liabilities	**299,070**	118,424
Due to related parties	**-**	131,288
Loans payable	**32,116**	100,616
Total liabilities	**331,186**	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.

Ochos Rios Lease

The Company has lease commitment with regards to a store lease in Ochos Rios Jamaica. The lease is for three years with the option to renew at a monthly rate of approximately US9,000 and is expected to commence in November 2021.

Management contracts

The Company is party to certain management contracts with officers, directors and various consultants of the Company. These contracts require that additional payments of up to approximately $1,714,000 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 $965,000 (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 July 31, 2021, the Company had 62,092,505 common shares issued and outstanding, 11,137,424 warrants outstanding and 5,860,000 stock options outstanding. Please refer to the Notes 9, 10 and 11 to the July 31, 2021 condensed interim consolidated financial statements for the details of shares issued during the period.

SUBSEQUENT EVENTS

Subsequent to July 31, 2021, the Company entered into a loan agreement with an arm's length third party lender (the "Lender") pursuant to which the Company borrowed US$250,000 for working capital and inventory growth purposes (the "Loan"). Subsequently, the Company entered into a debt settlement agreement with the Lender to settle US$144,000 of the Loan in exchange for 2,500,000 Common Shares at a deemed price of C$0.072 per Common Share, representing a 20% discount to the closing price of the Common Shares on August 11, 2021 (the "Shares for Debt"). The remaining principal amount of the Loan remains outstanding. Completion of the Shares for Debt is subject to compliance with applicable regulations, including policies of the CSE.

Subsequent to July 31, 2021, the Company has agreed to issue Common Shares to two arm's length service providers in accordance with previously agreed arrangements (the "Shares for Services"). Pursuant to various agreement for services, the Company intends to issue an aggregate of 5,310,000 Common Shares with 5,000,000 Common Shares issued at a deemed price of C$0.13 and 310,000 Common Shares issued at a deemed price of C$0.10. Completion of the Shares for Services is subject to compliance with applicable regulations, including policies of the CSE.

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:

	Three months ended July 31, 2021	Three months ended July 31, 2020	**Nine months ended July 31, 2021**	Nine months ended July 31, 2020
Directors & officers compensation	**$ 152,088**	$ 112,996	**$ 446,289**	$ 195,103
Share-based payments	**$ 9,004**	48,000	**445,014**	160,711
	$ 161,092	$ 160,996	**$ 891,303**	$ 355,814

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 nine months ended July 31, 2021, the Company incurred expenses for consulting, rent and promotion services in the amount of CAD$15,000 ($12,104) (nine months ended July 31, 2020 – nil) from 2227929 Ontario Inc.

As at July 31, 2021, $41,037 (October 31, 2020 - $131,288) was owing to officers of the Company for travel expenses 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, financial condition, revenues or profitability 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 U.S. and other countries to fight the virus. 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. The COVID-19 pandemic may negatively impact the Company's business through disruption of supply and manufacturing, which would influence the amount and timing of revenue and planned expenditure. Travel restrictions in Canada, the U.S. and Jamaica delay and impact people's ability to attend retreats in Oregon and Jamaica. At this time, the Company hasn't experienced any disruption of supply or manufacturing related to COVID-19.

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.

Inventory Management

Silo Wellness cultivates and produces mushroom products in Jamaica for distribution and for its Jamaican wellness retreats and relies on third parties to provide 5-MeO-DMT for its Jamaican 5-MeO-DMT wellness retreats. Seasonality in weather conditions in Jamaica could affect the yield of final mushroom products from Silo Wellness' operations, thereby causing a lack of inventory at its Jamaican wellness retreats and distribution outlets. Additionally, as there are limited amount of producers of 5-MeO-DMT in Jamaica, any disruption of supply could cause partial or full closure of Silo Wellness' 5-MeO-DMT wellness retreats due to lack of inventory.

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. 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 is subject to governmental laws and regulations relating to it business and failure of Silo Wellness or its employees, contractors, third-part manufacturers and suppliers to comply with, or changes to, existing or future laws and regulations could result in significant unforeseen costs and limitations, and could have a material 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, psilocybin is illegal. However, the passing of Measure 109 in Oregon in 2020 and the Oregon Psilocybin Services Act, establishes a regulatory framework to permit licensed psilocybin service providers to administer psilocybin-producing mushroom and fungi products to individuals 21 years of age or older. Measure 109 does not decriminalize psilocybin. It remains 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 therapeutic use of the ingredient. 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, Canada, Jamaica, United Kingdom and may expand its operations to other countries, 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.

Jamaican Operations

Unlike in Canada and the United States, psilocybin mushrooms are not an illegal drug under Jamaica's *Dangerous Drugs Act, 1948*, therefore research on psilocybin mushrooms is not in contravention of the laws of Jamaica and does not require any permit or authorization from the regulatory authorities in Jamaica.

Any future decision to regulate psilocybin in Jamaica could have a material adverse effect on the business, financial condition and operating results of the Company. Should there occur a future decision in Jamaica to regulate psilocybin, the Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities in Jamaica. The impact of future compliance regimes in Jamaica and any potential delays in obtaining, or failure to obtain, possible regulatory approvals could have a material adverse effect on the business, financial condition and operating results of the Company.

Emerging Market Risks

The Company has operations in Jamaica, an emerging market country, and may have future operations in additional emerging markets. Such operations expose the Company to the socio-economic conditions as well as the laws governing the activities of the Company in Jamaica and any other jurisdiction where the Company may have operations in the future. Inherent risks with conducting foreign operations include, but are not limited to: high rates of inflation; extreme fluctuations in currency exchange rates, military repression; war or civil war; social and labour unrest; organized crime; hostage taking; terrorism; violent crime; expropriation and nationalization; renegotiation or nullification of existing licenses, approvals, permits and contracts; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political norms, banking and currency controls and governmental regulations that favour or require the Company to award contracts in, employ citizens of, or purchase supplies from, the jurisdiction. The Jamaican government, or other governments in emerging markets where the Company may have operations in the future, may intervene in its economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Changes, if any, in the research, cultivation and development of psilocybin mushroom and other botanicals policies or shifts in political attitude in Jamaica or other countries where the Company may have operations in the future may adversely affect its operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, importation of product and supplies, income and other taxes, royalties, the repatriation of profits, expropriation of property, foreign investment, maintenance of licenses, approvals and permits, environmental matters, land use, land claims of local people, water use and workplace safety. Failure to comply strictly with applicable laws, regulations and local practices could materially impact the Company's operations in Jamaica or other countries where the Company may have operations in the future. The Company continues to monitor developments and policies in Jamaica to assess the impact

thereof to its operations or future operations; however, such developments cannot be predicted and could have an adverse effect on the Company's operations in Jamaica.

Jamaica has a history of economic instability (such as inflation or recession). In 2013, Jamaica launched an ambitious reform program to stabilize the economy, reduce debt, and fuel growth, gaining national and international support. While there is no current political instability, and historically there has been no change in laws and regulations, this is subject to change in the future and could adversely affect the Company's business, financial condition and results of operations.

Jamaica is vulnerable to natural disasters such as hurricanes and flooding and the effects of climate change. It is an upper middle-income economy that is nevertheless struggling due to low growth, high public debt, and exposure to external shocks.

Global economic crises could negatively affect investor confidence in emerging markets or the economies of emerging markets, including Jamaica. Such events could materially and adversely affect the Company's sales, retreats, business, financial condition and results of operations.
Financial and securities markets in Jamaica are influenced by the economic and market conditions in other countries, including other emerging market countries and other global markets. Although economic conditions in these countries may differ significantly from economic conditions in Jamaica, investors' reactions to developments in these other countries, such as the recent developments in the global financial markets, may substantially affect the capital flows into Jamaica and the market value of the securities of the Company.
The legal and regulatory requirements and local business culture and practices in Jamaica and the foreign countries in which the Company may expand are different from those in which it currently operates. The officers and directors of the Company will rely, to a great extent, on the Company's local legal counsel in order to ensure compliance with material legal, regulatory and governmental developments as they pertain to and affect the Company's operations, particularly with respect to psilocybin or related operations. Increased compliance costs may be incurred by the Company. Further, there can be no assurance that the Company will develop a marketable product or service in Jamaica or any other foreign country. These factors may have a material adverse effect on the Company's research and development business and the results of its research and development operations.
In the event of a dispute arising in connection with the Company's operations in Jamaica or another a foreign jurisdiction where the Company may conduct business, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, the Company's activities in foreign jurisdictions could be substantially affected by factors beyond the Company's control.

Other risks include the potential for fraud and corruption by suppliers or personnel or government officials which may implicate the Company, compliance with applicable anti-corruption laws, including the *Corruption of Foreign Public Officials Act* (Canada) by virtue of the Company's operating in jurisdictions that may be vulnerable to the possibility of bribery, collusion, kickbacks, theft, improper commissions, facilitation payments, conflicts of interest and related party transactions and the Company's possible failure to identify, manage and mitigate instances of fraud, corruption, or violations applicable regulatory requirements.

To mitigate risk when operating in Jamaica, the Company may, in part, engage local counsel and/or consultants to advise on applicable regulatory and/or operational matters, as applicable, and it is anticipated that the Company's personnel will visit local operations as required to maintain regular involvement in such operations.

Uncertainty Related to Oregon Operations and Other States

The Company currently operates wellness retreats in the State of Oregon. While any activity in Oregon will be in compliance with laws applicable to Oregon, the decision to continue or expands operations in Oregon will depend on the regulatory framework established by the state government. The Company does not, and will not knowingly, engage in activities that are illegal in any jurisdiction where it operates. There is a possibility that operations of the Company that are in compliance with the laws of Oregon (or other states where similar initiatives have been announced such as Florida, California, Hawaii and Connecticut) could conflict or be in contravention of the federal laws of the United States. In such a circumstance, the Company's existing operations in the United States, and any future operations or investments, may become the subject of heightened scrutiny or enforcement by regulators, stock exchanges and other authorities in Canada and the United States. There

can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to operate or invest in the United States or any other jurisdiction. While currently the Company operates in compliance with applicable laws and as such is not prohibited from sourcing any access public or private capital, in the event that the Company's activities in such states are in violation of applicable United States federal laws, it may have difficulty accessing the service of banks or sourcing financing on commercially reasonable terms or at all.

Regulatory Risks and Uncertainties

In the United States, certain psychedelic drugs, including psilocybin, are classified as Schedule I drugs under the CDSA and the Controlled Substances Import and Export Act and as such, medical and recreational use is illegal under the U.S. federal laws. There is no guarantee that psychedelic drugs as medicines or for recreational/adult use in any jurisdiction in which the Company operates. All activities involving such substances by or on behalf of the Company are conducted in accordance with applicable federal, state and local laws. Further, all facilities engaged with such substances by or on behalf of the Company do so under current licenses and permits issued by appropriate federal, provincial and local governmental agencies. While the Company's psychedelic operations are focused in the United States on ketamine, the Company does not have any direct or indirect involvement with the illegal selling, production or distribution of any substances in the jurisdictions in which it operates and does not intend to have any such involvement. However, the laws and regulations generally applicable to the industry in which the Company is involved in may change in ways currently unforeseen. Any amendment to or replacement of existing laws or regulations, including the classification or re-classification of the substances the Company is developing or working with, which are matters beyond the Company's control, may cause the Company's business, financial condition, results of operations and prospects to be adversely affected or may cause the Company to incur significant costs in complying with such changes or it may be unable to comply therewith. A violation of any applicable laws and regulations of the jurisdictions in which the Company operates could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings initiated by either government entities in the jurisdictions in which the Company operates, or private citizens or criminal charges.

The loss of the necessary licenses and permits for Schedule III drugs could have an adverse effect on the Company's operations.

The psychedelic drug industry is a fairly new industry and the Company cannot predict the impact of the ever-evolving compliance regime in respect of this industry. Similarly, the Company cannot predict the time required to secure all appropriate regulatory approvals for future products, or the extent of testing and documentation that may, from time to time, be required by governmental authorities. The impact of compliance regimes, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, its business and products, and sales initiatives and could have a material adverse effect on the business, financial condition and operating results of the Company.

The success of the Company's business is dependent on the reform of controlled substances laws pertaining to psilocybin. If controlled substances laws are not favourably reformed in the United States, and other global jurisdictions, including Jamaica, the commercial opportunity that the Company is pursuing may be highly limited.

The Company makes no medical, treatment or health benefit claims about the Company's proposed products. The FDA, or other similar regulatory authorities have not evaluated claims regarding psilocybin, 5-MeO-DMT, or other psychedelic compounds or nutraceutical products. The efficacy of such products have not been confirmed by approved research. There is no assurance that the use of psilocybin, 5-MeO-DMT, or other psychedelic compounds or nutraceuticals can diagnose, treat, cure or prevent any disease or condition. Vigorous scientific research and clinical trials are needed. The Company has not conducted clinical trials for the use of its proposed products. Any references to quality, consistency, efficacy and safety of potential products do not imply that the Company verified such in clinical trials or that the Company will complete such trials. If the Company cannot obtain the approvals or research necessary to commercialize its business, it may have a material adverse effect on the Company's performance and operations.

The FDA has broad authority to enforce the provisions of the FFDCA applicable to foods, drugs, dietary supplements, and cosmetics, including powers to issue a public warning letter to a company, to publicize information about illegal or harmful products, to request a recall of products from the market, and to request the United States Department of Justice to initiate a seizure action, an injunction action, or a criminal prosecution in the U. S. courts. The Company could be subject to fines and penalties, including under administrative, civil and criminal laws for violating U.S. laws and regulations, and the Company's

products could be banned or subject to recall from the marketplace. The Company could also be subject to possible business and consumer claims under applicable statutory, product liability and common laws.

The Company's business in Jamaica operates within the current regulatory framework in Jamaica under the Jamaica's Dangerous Drugs Act, 1948 and related applicable legislation. Any changes in the legislative regime in Jamaica to re-classify psilocybin and 5-MeO-DMT as 'drugs' under the Jamaica's Dangerous Drugs Act, 1948 would render the Company unable to conduct its business as currently operated. There can be no guarantee that any legislative reform in Jamaica regarding psilocybin and 5-MeO-DMT will be less restrictive or otherwise favourable to the operations of the Company.

Non-Compliance with Laws

Under the CSA, ketamine is currently a Schedule III drug and psilocybin is currently a Schedule I drug. The Company's operations are conducted in strict compliance with the laws and regulations regarding its activities with such substances. As such, all facilities engaged with such substances by or on behalf of the Company do so under current licenses, permits and approvals, as applicable, issued by appropriate federal, state and local governmental agencies. While the Company in the United States is focused on retreats using ketamine, the Company does not have any direct or indirect involvement with the illegal selling, production or distribution of any substances in the jurisdictions in which it operates and does not intend to have any such involvement. However, a violation of any applicable laws and regulations, such as the CSA, or of similar legislation in the jurisdictions in which it operates, including the State of Oregon or Jamaica, could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings initiated by the government entities in the jurisdictions in which the Company operates, private citizens or criminal charges. Any such violations could have an adverse effect on the Company's operations. Further, there is no guarantee that psychedelic drugs or psychedelic inspired drugs will ever be approved as medicines in any jurisdiction in which the Company operates.

Risks Related to Prescribing Medication

State medical boards or other regulatory bodies could take disciplinary action against the physicians that the Company collaborates with for excessive psychedelic prescriptions. Physician prescription patterns may be tracked and may be used to impose disciplinary action on physicians who prescribe psychedelics at a high rate. If any of the participating physicians are deemed to be prescribing psychedelics excessively, such physicians could face disciplinary action, including, revocation of the physician's license. Any disciplinary action or license revocation of physicians who work at the Company's retreats could result in such retreat not having sufficient physicians to address patient needs and could adversely affect the Company's business.

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.

Limited Operating History

The common shares of the Company (the "**Common Shares**") commenced trading on the Canadian Securities Exchange following the completion of the reverse take-over of Yukoterre Resources Inc. on March 1, 2021 and therefore the Company has a limited operating history as a public company. To operate effectively, the Company will be required to continue to implement changes in certain aspects of its business, improve information systems and develop, manage and train management-level and other employees to comply with ongoing public company requirements. Failure to take such actions, or delay in implementation thereof, could adversely affect the business, financial condition, liquidity and results of operations of the Company and, more specifically, could result in regulatory penalties, market criticism or the imposition of cease trade orders in respect of the Common Shares.

The Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its operating goals. In order for the Company to meet future operating and debt service requirements, it will need to be successful in its growth, marketing and sales efforts. Additionally, where the Company experiences increased production and future sales, its current operational infrastructure may require changes to scale its business efficiently and effectively to keep pace with demand and achieve long-term profitability. If the Company's products and services are not accepted by new customers, the Company's operating results may be materially and adversely affected.

Reliance on Third-Party Licenses

A substantial number of patents have already been issued to other biotechnology and pharmaceutical companies. Additionally, the Company's Marley One line of products are subject to a licensing agreement with Marley Green LLC. To the extent that valid third-party patent rights cover any future products or services, the Company would be required to seek licenses from the holders of these patents in order to manufacture, use or sell these products and services, and payments under them would reduce the Company's profits from these products and services. The Company is currently unable to predict the extent to which it may wish or be required to acquire rights under such additional patents, the availability and cost of acquiring such rights, and whether a license to such patents will be available on acceptable terms or at all. There may be patents in Canada, the United States or in foreign countries or patents issued in the future that are unavailable to license on acceptable terms. The Company's

inability to obtain such licenses, or pay the associated royalty fees under its current licensing agreements, may hinder or eliminate its ability to manufacture and market its products.

Limited Products

The Company will be heavily reliant on the production and distribution of functional mushrooms and psychedelic mushrooms and related products and the operation of its wellness retreats. If they do not achieve sufficient market acceptance, it will be difficult for the Company to achieve profitability.

Even if products to be distributed by the Company conform to international safety and quality standards, sales could be adversely affected if consumers in target markets lose confidence in the safety, efficacy, and quality of functional mushroom and psychedelic mushroom-based products. Adverse publicity about functional mushroom and psychedelic mushroom-based products that the Company sells may discourage consumers from buying products distributed by the Company. Additionally, even if wellness retreated operated by the Company conform to safety and quality standards, retreat sales could be adversely affected if consumers in target markets do not respond positively to the experience of such retreats.

Limited Marketing and Sales Capabilities

The Company will, for the immediate future, have limited marketing and sales capabilities, and there can be no assurance that it will be able to develop or acquire these capabilities at the level needed to produce and deliver for sale, through industry partners, its products in sufficient commercial quantities. Further, there can be no assurance that the Company, either on its own or through arrangements with other industry participants, will be able to develop or acquire such capabilities on a cost-effective basis, or at all. Finally, there can be no assurance that the Company's industry partners will be able to market or sell the Company's products in compliance with requisite regulatory protocols or on a cost effective basis. The Company's dependence upon third parties for the production, and marketing or sale, as applicable, of the Company's products could have a material adverse effect on the Company's business, financial condition and results of operations.

Insurance Coverage

The Company believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, however such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. Moreover, there can be no guarantee that the Company will be able to obtain adequate insurance coverage in the future or obtain or maintain liability insurance on acceptable terms or with adequate coverage against all potential liabilities.

Product Liability

The Company may be exposed to the risk of product liability claims alleging that use of its product caused an injury or harm. These claims can arise at any point in the development, testing, manufacture, marketing or sale of a product and may be made directly by patients involved in clinical trials of its product candidates, by consumers or healthcare providers or by individuals, organizations or companies selling its products. Product liability claims can be expensive to defend, even if the product or product candidate did not actually cause the alleged injury or harm.

Insurance covering product liability claims becomes increasingly expensive as a product moves through the development pipeline to commercialization. The Company currently maintains what it views as sufficient liability insurance coverage for its current operations; however, there can be no assurance that such insurance coverage is or will continue to be adequate or available to the Company at a cost acceptable to it or at all. The Company may choose or find it necessary to increase its insurance coverage in the future. The Company may not be able to secure greater or broader product liability insurance coverage on acceptable terms or at reasonable costs when needed. Any liability for damages resulting from a product liability claim could exceed the amount of its coverage, require the Company to pay a substantial monetary award from its own cash resources and have a material adverse effect on its business, financial condition and results of operations. Moreover, a product recall, if required, could generate substantial negative publicity about its products and business, inhibit or prevent commercialization of other products and product candidates or negatively impact existing or future collaborations.

Trademark Protection

Failure to register trademarks for the Company or its products could require the Company to rebrand its products resulting in a material adverse impact on its business.

Trade Secrets

The Company relies on third parties to develop its products and as a result, must share trade secrets with them. The Company seeks to protect its proprietary technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, collaborative research agreements, consulting agreements or other similar agreements with its collaborators, advisors, employees and consultants prior to beginning research or disclosing proprietary information. These agreements typically restrict the ability of the Company's collaborators, advisors, employees and consultants to publish data potentially relating to its trade secrets. Its collaborators would typically have rights to publish data, provided that the Company is notified in advance and may delay publication for a specified time in order to secure any intellectual property rights arising from the collaboration. In other cases, publication rights are controlled exclusively by the Company, although in some cases the Company may share these rights with other parties. The Company may also conduct joint research and development programs which may require it to share trade secrets under the terms of research and development collaboration or similar agreements. Despite the Company's efforts to protect its trade secrets, the Company's competitors may discover its trade secrets, either through breach of these agreements, independent development or publication of information. A competitor's discovery of the Company's trade secrets may impair its competitive position and could have a material adverse effect on its business and financial condition.

Patent Law Reform

As is the case with other biotechnology and pharmaceutical companies, the Company's success is heavily dependent on intellectual property rights, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry is a technologically and legally complex process, and obtaining and enforcing biopharmaceutical patents is costly, time consuming and inherently uncertain. Recent patent reform legislation could increase the uncertainties and costs surrounding the prosecution of the Company's and its licensors' or collaborators' patent applications and the enforcement or defense of the Company or its licensors' or collaborators' issued patents.

Patent Litigation and Intellectual Property

The Company has filed a patent application, but there can be no assurance that any or all of these patent applications will issue into a valid patent. Such failure to issue could have a material adverse effect on the Company. In the event that a patent issued to the Company is challenged, any of Corporation's patents may be invalidated (although at this time the Company does not have any issued patents). The Company could also become involved in interference or impeachment proceedings in connection with one or more of its patents or patent applications to determine priority of invention.

Patent litigation is widespread in the pharmaceutical industry and the Company cannot predict how this will affect its efforts to form strategic alliances, conduct clinical testing, or manufacture and market any of its prescription drug product candidates that it may successfully develop. If the Company becomes involved in any litigation, interference, impeachment or other administrative proceedings, it will likely incur substantial expenses and the efforts of its technical and management personnel will be significantly diverted. The Company cannot make any assurances that it will have the financial or other resources necessary to enforce or defend a patent infringement or proprietary rights violation action. Moreover, if the Company's products infringe patents, trademarks or proprietary rights of others, it could, in certain circumstances, become liable for substantial damages, which also could have a material adverse effect on the business of the Company, its financial condition and results of operation. Patent litigation is less likely during development as many jurisdictions contain exemptions from patent infringement for the purpose of obtaining regulatory approval of a product. Where there is any sharing of patent rights either through co-ownership or different licensed "fields of use", one owner's actions could lead to the invalidity of the entire patent. If the Company is unable to avoid infringing the patent rights of others, the Company may be required to seek a license, defend an infringement action or challenge the validity of the patents in court. Such results could have a material adverse effect on the Company. Regardless of the outcome, patent litigation is costly and time consuming. In some cases, the Company may not have sufficient resources to bring these actions to a successful conclusion, and, even if the Company is successful in these proceedings, it may incur substantial costs and divert management time and attention in pursuing these proceedings, which could have a material adverse effect on the Company.

Any infringement or misappropriation of the Company's intellectual property could damage its value and limit its ability to compete. In addition, the Company's ability to enforce and protect its intellectual property rights may be limited in certain countries outside the U.S., which could make it easier for competitors to capture market position in such countries by utilizing technologies that are similar to those developed or licensed by the Company. Competitors may also harm the Company's sales by designing products that mirror the capabilities of its products or technology without infringing on its intellectual property rights. If the Company does not obtain sufficient protection for its intellectual property, or if it is unable to effectively enforce its intellectual property rights, its competitiveness could be impaired, which would limit its growth and future revenue. The Company may also find it necessary to bring infringement or other actions against third parties to seek to protect its intellectual property rights. Litigation of this nature, even if successful, is often expensive and time- consuming to prosecute and there can be no assurance that the Company will have the financial or other resources to enforce its rights or be able to enforce its rights or prevent other parties from developing similar technology or designing around its intellectual property.

The Company is not aware of any infringement by it of any person's or entity's intellectual property rights. In the event that products sold by the Company are deemed to infringe upon the patents or proprietary rights of others, the Company could be required to modify its products or obtain a license for the manufacture and/or sale of such products or cease selling such products. In such event, there can be no assurance that the Company would be able to do so in a timely manner, upon acceptable terms and conditions, or at all, and the failure to do any of the foregoing could have a material adverse effect upon the Company's business. If the Company's products or proposed products are deemed to infringe or likely to infringe upon the patents or proprietary rights of others, the Company could be subject to injunctive relief and, under certain circumstances, become liable for damages, which could also have a material adverse effect on the Company's business and its financial condition.

Protection of Intellectual Property

The Company will be able to protect its intellectual property from unauthorized use by third parties only to the extent that the Company's proprietary technologies, key products and any future products are covered by valid and enforceable intellectual property rights including patents or are effectively maintained as trade secrets and provided the Company has the funds to enforce its rights, if necessary.

No Profits or Significant Revenues

The Company has no history upon which to evaluate its performance and future prospects. The Company's proposed operations are subject to all the business risks associated with new enterprises. These include likely fluctuations in operating results as the Company makes significant investments in research, development and product opportunities, and reacts to developments in its market, including purchasing patterns of customers, and the entry of competitors into the market. The Company will only be able to pay dividends on any shares once its directors determine that it is financially able to do so. The Company cannot make any assurance that it will be profitable in the next three years or generate sufficient revenues to pay dividends to the holders of the Common Shares.

Speculative Nature of Investment Risk

An investment in the securities of the Company carries a high degree of risk and should be considered as a speculative investment. 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.

AUDIT COMMITTEE

Composition of the Audit Committee

The Corporation's audit committee is currently comprised of three directors: Messrs. Ding, Arnold and Yang. Each member of the audit committee is financially literate and Mr. Ding is independent, as such term is defined in the Instrument.

Relevant Education and Experience

Mike Arnold – President and Director Mr. Arnold is a former Oregon trial attorney (complex criminal defense and commercial litigation) and entrepreneur. Mr. Arnold was actively involved in the cannabis sector in the United States, having defended cannabis farmers in both federal and state courts. Additionally, Mr. Arnold was involved in cannabis regulatory work, drafting cannabis license applications as state regulations permitted. Mr. Arnold is also an experienced farmer, having raised livestock and poultry and operated a commercial cannabis outdoor farming operation. Mr. Arnold developed the concept for Silo's metered-dose psilocybin nasal spray in 2018 together with his co-inventor. In Jamaica, Mr. Arnold has extracted psychedelic compounds from raw biomass and developed and quality tested products there. Mr. Arnold received his Bachelor of Arts from Truman State University and Juris Doctor from the University of Oregon School of Law.

Winfield Yongbiao Ding – Director Mr. Ding has been CFO and director for a number of public companies in Canada. He is a seasoned senior finance executive with over twenty years of finance and operations experience. A former audit manager and currently a self-practitioner, he worked in audit, taxation and advisory roles across a wide range of industries with a focus on public issuers financial reporting and business 6 advisory. He has been Audit Committee Chairman of CF Energy Corp. (TSXV: CFY) since March 2015, and Director and Officer of Gravitas Financial Inc. (CSE: GFI) since April 2019. Mr. Ding received his MBA from the Chinese University of Hong Kong.

Mo Yang –Director Mr. Yang is the founder of Nexoa Inc., a CFO consulting services company and is a Chartered Professional Accountant and Chartered Financial Analyst. Mr. Yang acts as Chief Financial Officer for several companies across a variety of sectors including private equity, cannabis and natural health products. Prior to Nexoa Inc., Mr. Yang was involved in closing and closed over $2 billion in mergers and acquisitions at Raymond Chabot Grant Thornton and covered rate products, foreign exchange and exchange traded funds at BMO Capital Markets. Mr. Yang received his B Comm and Master in Accounting from Concordia University.

AUDITOR FEES

Audit Fees

The Corporation's external auditors, McGovern Hurley LLP, billed the Corporation $13,473 in the fiscal year ending October 31, 2020 and $nil in the fiscal year ended October 31, 2019, for audit fees.

Audit-Related Fees

The Corporation's external auditors, McGovern Hurley LLP, billed the Corporation $nil in the fiscal year ending October 31, 2020 and $nil in the fiscal year ended October 31, 2019 for assurance and related services related to the performance of the audit or review of the Corporation's financial statements, which are not included in audit fees.

Tax Fees

The Corporation's external auditors, McGovern Hurley LLP, billed the Corporation $1,500 in the fiscal year ending October 31, 2020 and $nil in the fiscal year ended October 31, 2019 for tax compliance, tax advice and tax planning.

All Other Fees

The Corporation's external auditors charged for other fees $nil for the fiscal year ended October 31, 2020 and $nil for the fiscal year ended October 31, 2019.