SILO WELLNESS INC.
CONDENSED INTERIM

CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended January 31, 2023 and 2022

(Expressed in U.S. Dollars)

(Unaudited)

Silo Wellness Inc.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

SILO WELLNESS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JANUARY 31, 2022 AND OCTOBER 31, 2022
(Expressed in U.S. dollars)
(Unaudited)

As at:	Notes	**January 31, 2023**	October 31, 2022
		$	$
ASSETS			
Current			
Cash		**25,710**	115
Other receivables and prepaid expenses	8	**44,517**	64,066
Total current assets		**70,227**	64,181
Non-current			
Intangible assets	5	**1**	1
Total assets		**70,228**	64,182
LIABILITIES			
Current			
Accounts payable and accrued liabilities	11	**4,076,187**	4,098,783
Due to related parties	10	**631,137**	530,067
Loans payable	6	**35,196**	33,478
Debentures and make-whole amount payable	7	**761,784**	705,945
Total current liabilities		**5,504,304**	5,368,273
Total liabilities		**5,504,304**	5,368,273
SHAREHOLDERS' DEFICIENCY			
Share capital	8	**7,807,571**	7,807,571
Warrants	8	**1,110,462**	1,110,462
Options	9	**769,810**	767,923
Accumulated other comprehensive income (loss)		**121,646**	62,428
Accumulated deficit		**(15,243,566)**	(15,052,475)
Total shareholders' deficiency		**(5,434,077)**	(5,304,091)
Total liabilities and shareholders' deficiency		**70,227**	64,182

Going concern (Note 1)
Commitments and contingencies (Note 11)
Subsequent events (Note 14)

Approved and authorized for issue by the directors on April 5, 2023

__”Mike Arnold”__________ Director

___”Greg Biniowsky”__________ Director

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

SILO WELLNESS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED JANUARY 31, 2023 AND 2022
(Expressed in U.S. dollars, except per share amounts)
(Unaudited)

	Notes	**Thre months ended January 31, 2023**	Three months ended January 31, 2022
		$	$
Sales		**48,922**	67,479
Cost of goods sold		**(11,114)**	(32,216)
Gross profit (loss)		**37,808**	35,263
Expenses			
Advertising and promotion		**4,202**	340,233
Consulting and management fees	10	**167,336**	316,144
General and administrative expenses		**33,380**	54,007
Stock based compensation	9	**1,887**	13,092
Professional fees		**16,758**	49,686
Interest expense and bank charges		**2,094**	3,726
		225,657	776,888
		(187,849)	(741,625)
Other income (expenses)			
Foreign currency translation gain		**(3,242)**	(1,898)
Loss on issuing shares for debt	7	**-**	(5,386)
Net loss for the period		**(191,091)**	(748,909)
Other comprehensive loss:			
Foreign currency translation loss		**(96,798)**	**(1,788)**
Comprehensive loss for the period		**(287,889)**	(750,697)
Basic and diluted loss per share		**$ (0.01)**	$ (0.20)
Weighted average number of common shares outstanding - basic and diluted		**34,679,202**	3,769,961

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

SILO WELLNESS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
FOR THE THREE MONTHS ENDED JANUARY 31, 2023 AND 2022
(Expressed in U.S. dollars, except share amounts)
(Unaudited)

	Notes	Class A shares		Warrants	Options	Contributed Surplus	Accumulated Deficit	Accumulated other comprehensive (loss) income	Shareholders' Deficiency
		#	$	$	$	$	$	$	$
Balance, October 31, 2022		34,679,202	7,807,571	1,110,462	767,923	-	(15,052,475)	62,428	(5,304,091)
Stock based compensation	9	-	-	-	1,887	-	-	-	1,887
Loss and comprehensive loss for the period		-	-	-	-	-	(191,091)	59,218	(131,873)
Balance, January 31, 2023		34,679,202	7,807,571	1,110,462	769,810	-	(15,243,566)	121,646	(5,434,077)

	Notes	Class A shares		Warrants	Options	Contributed Surplus	Accumulated Deficit	Accumulated other comprehensive (loss) income	Shareholders' Deficiency
		#	$	$	$	$	$	$	$
Balance, October 31, 2021		3,570,125	6,838,594	1,110,462	658,167	26,693	(8,991,935)	(952)	(358,971)
Shares for debt	8	338,112	291,541	-	-	-	-	-	291,541
Stock based compensation	9	-	-	-	13,092	-	-	-	13,092
Loss and comprehensive loss for the period		-	-	-	-	-	(748,909)	1,788	(747,121)
Balance, January 31, 2023		3,908,237	7,130,135	1,110,462	671,259	26,693	(9,740,844)	836	(801,459)

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

SILO WELLNESS INC.
(FORMERLY YUKOTERRE RESOURCES INC.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JANUARY 31, 2023 AND 2022
(Expressed in U.S. dollars)
(Unaudited)

	Notes	Thre months ended January 31, 2023	Three months ended January 31, 2022
		$	$
OPERATING ACTIVITIES			
Net loss for the period		**(191,091)**	(748,909)
Items not involving cash:			
Stock based compensation	9	**1,887**	13,092
Interest expense		**2,094**	3,726
Loss on issuance of shares for debt		**-**	5,386
		(187,110)	(726,705)
Net changes in non-cash working capital:		**214,637**	632,352
Net cash flows (used in) operating activities		**27,527**	(94,353)
FINANCING ACTIVITIES			
Net cash flows provided by financing activities		**-**	-
Effect of exchange rate change		**(1,903)**	215
CHANGE IN CASH FOR THE PERIOD		**25,624**	(94,138)
CASH, beginning of the period		**115**	98,345
CASH, end of the period		**25,739**	4,207
SUPPLEMENTAL INFORMATION:			
Shares issued to settle loans payable		**-**	40,911
Shares issued as settlement of accounts payable		**-**	250,630

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

1. Description of business and nature and continuance of operations

Silo Wellness Inc. (the "Company") was incorporated under the laws of the Province of Ontario, Canada by Articles of Incorporation, dated February 8, 2017, and amended on February 26, 2022. On February 26, 2022, the Company changed its name to Silo Wellness Inc. and the common shares commenced trading on March 5, 2022, under the new ticker symbol SILO.

The Company's head office is located at 200 Consumers Road Suite 702, Toronto, Ontario, M2J 4R4, Canada.

The Company offers a diverse and growing portfolio of functional mushroom products, psychedelic wellness retreats in Jamaica and Oregon, United States, and intellectual property. As at January 31, 2023, and October 31, 2022, the Company had only one reportable operating segment.

Going concern

These unaudited 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. As of January 31, 2023, the Company's current liabilities exceeded current assets by $5,434,077. The Company has incurred several years of losses and as of January 31, 2023, had a cumulative deficit of $15,243,566 (December 31, 2022 - $15,052,475); negative cash flows from operations for the year ending October 31, 2022; and had a shareholder deficiency of $5,434,077 as at January 31, 2023 (December 31, 2022 - $5,304,091). These conditions raise significant doubt about the Company's ability to continue as a going concern.

The Company will need to raise capital in order to fund its operations. This need may be adversely impacted by a lack of normally available financing. To address its financing requirements, the Company may seek financing through debt and equity financings, asset sales, and rights offerings to existing shareholders. The outcome of these matters cannot be predicted at this time (see note 14).

During the period ended January 31, 2023, the Company funded its working capital requirements and its capital and operating expenditures through proceeds from share and convertible debentures 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. As at January 31, 2023, the unaudited 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.

Novel Coronavirus ("COVID-19")

Judgment has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the consolidated financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

2. Basis of presentation

Statement of compliance

The accompanying condensed interim financial statements have been prepared by management in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting and do not include all the disclosures required in full annual financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements should be read in conjunction with the Company's financial statements for the year ended October 31, 2022.

The polices applied to these consolidated financial statements are based on IFRS, which have been applied consistently to all periods presented. These consolidated financial statements were issued and effectives as at April 5, 2023, the date the Board of Directors approved these unaudited condensed interim consolidated financial statements

Basis of measurement

These audited condensed interim consolidated financial statements are presented using, and have been prepared on, a going concern basis under the historical cost convention except for certain financial instruments that are measured at fair value. These condensed interim consolidated financial statements are presented on the accrual basis except for the consolidated statement of cash flows.

Functional and presentation currency

The functional currency of Silo Wellness Inc. and Dyscovry is the Canadian dollar and the functional currency of Silo Psychedelics Inc. and SW Holdings, Inc. is the United States dollar ("USD"). These unaudited condensed interim consolidated financial statements are presented in United States Dollars, unless otherwise noted.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Silo Psychedelics Inc, which was incorporated under the Business Corporations Act (British Columbia). and SW Holdings, Inc., which was incorporated in the State of Oregon, the United States, and 9382135 Canada Inc. ("Dyscovry") that is incorporated under the Canadian Business Corporations Act.

Control of an entity is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and,
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary or investment begins when the Company obtains control over the subsidiary or investment and ceases when the Company loses control of the subsidiary or investment. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of loss and comprehensive loss from the date the Company gains control until the date the Company ceases to control the subsidiary or investment.

All intragroup assets and liabilities, equity, income, expenses and cash flows are eliminated in full upon consolidation.

3. Significant accounting policies

The policies used for preparation of these unaudited condensed interim consolidated financial statements were the same accounting policies and methods of application as the audited consolidated financial statements of the Company for the year ended October 31, 2022 and were consistently applied to all the periods presented unless otherwise noted below. They do not include all of the information and disclosures required for annual financial statements. For further information, see the Company's audited consolidated financial statements for the year ended October 31, 2022.

Recently issued accounting pronouncements

Adoption of amendments and interpretations to accounting standards

The Company has adopted the following amendments and interpretations to accounting standards during the current period and these amendments have not resulted in a material impact on these condensed interim consolidated financial statements.

Accounting standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective at January 31, 2023 and have not been applied in preparing these consolidated financial statements. Management has determined that none of these will have a significant effect on it's the consolidated financial statements of the Company.

4. Significant accounting judgments and estimates

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 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.

4. Significant accounting judgments and estimates (continued)

Convertible debentures valuation

The Company uses judgement and assumptions and estimates in determining the fair value of the convertible loans and debentures.

Going concern

The Company uses judgement and assumptions and estimates in determining the Company will have working capital and be able to raise fund to meet its obligations for the coming 12 months and be able to continue as a going-concern.

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.

4. Significant accounting judgments and estimates (continued)

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.

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.

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.

5. Intangible asset

Acquisition of Dyscovry

Dyscovry is a Toronto-based biotechnology research company which has an agreement (the "NRC Agreement") with the National Research Council of Canada (the "NRC") _for the research and development of the production of pyilocybin by biotechnology using E. coli. On September 22, 2022, the Company entered into a share exchange agreement with Dyscovry and its former shareholders, to acquire 100% of the common shares of Dyscovry, by issuing 12,726,325 common shares of the Company or 49% of the Company's common shares outstanding at that date, and assuming CAD$120,000 ($87,918) debt of Dyscovery owed to its former shareholders and accounts payable of $35,151 (CAD$47,977). The fair value of the 12,726,325 common shares was determined to be $279,139 (CAD$382,870) based on the fair market value of the Company's shares on the date of issuance.

The Company has determined that this was an asset acquisition as the research and development activity of Dyscovry and the project did not meet the definition of a business. Total consideration paid for the acquisition was $402,208 (CAD$550,847) that was allocated to the net assets acquired at the date of acquisition being the Agreement with NRC.

Subsequent to the acquisition, the Company has determined there was an impairment of the asset and has written off the asset value to $1 and reported an impairment of $402,207, as the expiry date of the NRC Agreement was January 31, 2023 and the Company did not renew the NRC Agreement and allowed it to expire.

6. Loans payable

(1) 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 had an interest rate of 12% per annum. They are repayable in full within 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. As of January 31, 2023, the unpaid principal plus interest was CAD$42,287 ($31,783) (October 31, 2022 – CAD$41,259 or $30,288).

(2) 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% per annum. The loan is repayable in full within 18 months from the issuance date, and the Company may repay the loan at any time prior to the end of the term. As of January 31, 2023, the balance of principal plus interest was CAD$4,541 ($3,413) (2021 – CAD$4,435 or $3,250).

7. Convertible loan and make-whole amount payable

(a) On August 11, 2021, the Company entered into a convertible loan agreement (the “Loan”) with Timothy Jury (the “Lender”) for the principal amount of $250,000. The loan is unsecured, bears interest at an annual rate of 6%. At the Lender’s option, the Lender may, at any time prior to full repayment of the Loan, require the company to repay all or a portion of the Principal Amount of the Loan via an issuance of common shares of the Company, to be price at a 20% discount to the closing price of the common shares as of the last business day prior to the repayment date specified by the Lender, and using the published CAD to USD exchange rates as of the same date.

On August 12, 2021, the Company repaid $144,000 of the Loan principal by issuing 125,000 common shares of the Company valued at CAD $1.44 per share (CAD $180,000 or $144,000).

On September 16, 2021, the Company repaid $66,360 of the loan principal by issuing 75,000 common shares of the Company valued at CAD$1.12 per share (CAD$84,000 or $66,360).

The Company recorded $924 in interest expense for the year ended October 31, 2021, and $623 for the year ended October 31, 2022.

On December 27, 2021, the Company issued 53,131 common shares of the Company valued at CAD$1.00 per share in settlement of the remaining principal and interest. The shares were valued $40,911, and the Company recorded a loss from the retirement of the loan and derivative liability of $5,356.

(b) On April 13, 2022, the Company entered into a senior unsecured convertible debentures and warrants agreement (the “Subscription Agreement”) with Global Tech Opportunities 14 (the “Investor”) whereas the Investor committed to fund the Company up to CAD$5,950,000 ($4,651,353) (the “Total Commitment”) by subscribing for CAD$7,300,000 ($5,706,602) aggregate principal amount of the debentures, including the commitment fee, in twenty tranches, each tranche in the aggregate principal amount of CAD$350,000 ($273,609), (the “Debentures”). The Debentures are issued for 85% of the principal value of the Debentures, or CAD$297,500 ($232,568) cash consideration in each tranche. Warrants were attached only to the first tranche in accordance with the terms of the Subscription Agreement. The commitment fee are two instalments of CAD$150,000 ($117,261) each that will be paid by the Debentures. The twenty tranches and the commitment fee for CAD$7,300,000 ($5,706,602) of the Debentures have a maturity date of 36 months from closing.

The Debentures can be converted into common shares of the Company any time at the option of the Investor or automatically converted upon the maturity date of the Debentures, at a conversion price that is the lower of (i) the closing price of the common shares on the Canadian Securities Exchange (“CSE”) at the time of the conversion notice (or in the automatic conversion, the maturity date): and (ii) CAD$0.05.

7. Convertible loan and make-whole amount payable (continued)

The make-whole amount: if the conversion price of a tranche is greater than the theoretical conversion price, which is defined as the lowest volume weighted average price observed over the 15 trading days immediately preceding the date of the relevant conversion notice (or the maturity date), the amount by which the aggregate conversion price of such Debentures exceeds the theoretical conversion price, calculating as follows: (A/B – A/C) multiplied by D, where:

A = the total principal amount of Debentures to be converted
B = the theoretical conversion price
C = the conversion price
D = 110% of the closing price of the common shares on the CSE on the trading date immediately preceding the date on which a conversion notice is delivered to the Company (this was amended by both parties from 110% to 100% on July 5, 2022)

From time to time if there is a make-whole-amount balance the subscription amount payable by the Investor to the Company may be reduced by the make-whole-amount.

On April 13, 2022, the first tranche was closed. The Company received CAD$297,500 ($232,568), and paid a transaction expense of CAD$50,000 ($39,488). CAD$500,000 ($390,870) principal amount of the Debentures (being CAD$350,000 first tranche plus CAD$150,000 commitment fee) were issued to the Investor. In addition, according to the Subscription Agreement, 2,082,500 warrants of the Company were issued to the Investor on the closing of the first tranche, each warrant entitles the holder to subscribe for the common share of the Company at an exercise price of CAD$1.00 for a period of 5 years from the first closing date.

The Company determined that there are several financial components of the tranche 1 of the Debentures. The significant ones include the debentures payable, the conversion rights, and the make-whole amount liability. There is also a standalone equity comment being the warrants issued. Additionally, the Subscription Agreement in effect gives the Investor 19 options where each option entitles the Investor to subscribe for a CAD$350,000 ($273,609) tranche of Debentures over the 24 months commitment period and in effect gives Investor the rights to subscribe for 350,000 common shares of the Company at an exercise price of CAD$0.85 (85% of CAD$1.00) a common share over the next three to five years, which the Company determines to be another standalone equity component. The Company elected to present the Debentures as a whole as convertible loan liability at fair value through profit or loss (PVTPL). The fair value of the Debentures outstanding at a given date (except for the initial CAD$350,000 principal amount of each tranche at the issuance date that is initially recognized at cost) is determined by the total liabilities the Company would have to pay to the Investor assuming the Investor converts the Debentures on that date, being (i) the fair value of the common shares if the Debentures are converted on that date, (ii) the make-whole amount of the conversion, and (iii) the balance of the unpaid make-whole amount before that date.

The Company determined the fair value of the CAD$350,000 ($273,609) convertible loan liability to be CAD$297,500 ($232,568) on the first closing date of April 13, 2022, and assigned a value of CAD $nil to the warrants and CAD $nil to the options using the residual approach. The CAD$150,000 ($117,261) principal amount of Debentures issued for the first instalment of commitment fee were expensed at a fair value of CAD$216,000 ($170,588) on April 13, 2022, and CAD$150,000 ($117,261) principal amount of Debentures for the second instalment of commitment fee were also accrued as convertible loan payable at a fair value of CAD$216,000 ($170,588) and expensed. The Company recorded the two installments of commitment fees and the CAD$50,000 ($39,488) in total of $380,644 as transaction costs during the year.

On June 22, 2022 the Investor subscribed for the second and the third tranche of Debentures. CAD$350,000 ($273,609) of the make-whole amount balance was used to reduce the amount payable for the second and the third tranche. The second commitment fee of CAD$150,000 was also added to the second tranche Debentures. The Company received $231,306 (CAD$297,500) for the second and the third tranches and issued Debentures of $662,822 (CAD$850,000) principal amount to the Investor. On subscribing the second and the third tranche, the Investor has waived the condition of the exercise of all the outstanding warrants. The make-whole-amount term brings significant financial risks and contingency liability to the Company. See note 11 significant contingency liability.

7. Convertible loan and make-whole amount payable (continued)

During the year ended October 31, 2022 the Investor converted all the CAD$1,350,000 principal amount of tranche 1, 2 and 3 Debentures into 16,375,000 common shares of the Company, valued at $338,297 (CAD$440,350), and resulting into a make-whole-amount of CAD$1,270,050 ($991,908). CAD$350,000 make-whole was used to reduce the third tranche subscription. As at October 31, 2022 the ending Debentures principal amount was $nil and the ending make-whole amount was CAD$963,550 ($705,945). The Company recorded a change in fair value of the Debentures of CAD$24,900 ($19,355) loss for the year ended October 31, 2022. For the make-whole-amount larger than the conversion amount, the Company recorded it as a transaction with a shareholder and recorded an adjustment of $26,693 to the contributed surplus and $248,140 to the accumulated deficit.

On December 22, 2022 the Company agreed with the Investor to set a floor on future tranches of the convertible debentures at the greater of CAD$0.01 or 20-day volume weighted average price rather than then contracted make-whole-amount formula, in favor of the Company. The Investor subscribed for the fourth tranche of CAD$350,000 ($276,416) principal amount of Debentures for CAD$297,500 ($234,953), by paying CAD$50,000 ($39,488) cash and offsetting CAD$247,500 ($195,465) from the make-whole-amount. As of January 31, 2023, the make-whole amount balance was $538,183 (CAD$716,050).

8. Shareholders' deficiency

Authorized

Unlimited number of common shares

In June 2022 the Company completed a consolidation of all of its then 88,164,744 into 4,408,237 common shares in a basis of twenty to one consolidation. The consolidation of common shares, options, warrants and related share amounts have been reflected retrospectively in these consolidated financial statements. The number of shares, warrants and options information is presented all on post-June-2022 consolidation basis.

i) Shares for debt

Pursuant to the conversion of the debentures as described in Note 7(2), the Company issued a total of 16,375,000 common shares to the Investor valued at $338,297 (CAD$440,350) for the year ended October 31, 2022, and as a result recorded a $26,693 adjustment to the contributed surplus and $248,140 adjustment to the accumulated deficit.

Pursuant to the acquisition of Dyscovry as disclosed in Note 5, the Company issued 12,726,325 common shares to the former shareholders of Dyscovry, valued at $279,139 (CAD$382,870). The shares issued are subject to restrictions on resale for a period of 36 months from closing of the acquisition and are released on a schedule consistent with the release schedule for an "emerging issuer" prescribed by section 4.3 of National Instrument 46-201 Escrow for Initial Public Offerings unless an earlier release is agreed to by the parties and by unanimous vote of the board.

On October 31, 2022, the Company issued 1,633,640 common shares to settle $60,000 (CAD$81,682) debt then owed to a service provider for promotion consulting fee.

See Note 14.

Escrowed Shares

As of January 31, 2023 there were 12,874,359 (October 31, 2022 - 12,874,359) common shares in escrow.

(In U.S. dollars, except share and per share amounts, unless otherwise noted)

8. Shareholders' deficiency (continued)

Warrants

The following is a summary of the changes in warrants for the year ended October 31, 2022:

	Number of warrants	Weighted average exercise price	
Balance, October 31, 2020	**-**	**$**	**-**
Issued	536,741		5.20
Balance, Oct 31, 2021	**536,741**	**$**	**5.20**
Issued	2,082,500		0.78
Balance, October 31, 2022	**2,619,241**	**$**	**1.69**

On April 13, 2022, pursuant to the subscription of the convertible debentures described in note 7(2), 2,082,500 warrants were issued to the Investor, each warrant entitles the holder to subscribe for one common share of the Company at an exercise price of CAD$1.00 within of 5 years from the issuance date. As of January 31, 2023 and October 31, 2022, there were 2,619,241 warrants outstanding with weighted average exercise price of $1.69.

9. Options

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

The following is a summary of changes in options for the year ended October 31, 2022:

	Number of Options	Weighted average exercise price	
Balance, October 31, 2020	-		
Granted	259,625	$	3.64
Expired/forfeited	(15,250)	$	3.16
Balance, October 31, 2021	244,375	$	3.66
Granted	2,550,000	$	0.04
Balance, October 31, 2022	2,794,375	$	0.36

The fair values of stock options issued during the years ended October 31, 2022, were determined at the time of issuance using the Black-Scholes option pricing model with the following weighted average inputs, assumptions and results:

On January 12, 2022, the Company granted 50,000 common shares purchase options to directors and officers of the Company; each option entitles the holder to purchase one common share of the Company at CAD$1.00 until December 12, 2027. The options are subject to a four-month hold period, and vest in equal quarterly tranches over a year. The fair value of the options was determined to be $37,754 (CAD$47,206). For purposes of calculating the fair value of the options under the Black-Scholes model, the following assumptions were used: current share price – CAD$1.00 ($0.80), Risk free interest rate – 1.06%, Expected life – 5 years, Expected annual volatility – 170%, Expected dividends – $Nil, Expected forfeiture rate – Nil.

(In U.S. dollars, except share and per share amounts, unless otherwise noted)

9. Options (continued)

On September 26, 2022, the Company granted 2,500,000 common shares purchase options to directors and officers of the Company; each option entitles the holder to purchase one common share of the Company at CAD$0.03 until September 26, 2027. The options are subject to a four-month hold period, and vested immediately. The fair value of the options was determined to be $54,499 (CAD$74,726). For purposes of calculating the fair value of the options under the Black-Scholes model, the following assumptions were used: current share price – CAD$0.03 ($0.02), Risk free interest rate – 3.98%, Expected life – 5 years, Expected annual volatility – 257%, Expected dividends – $Nil, Expected forfeiture rate – Nil.

The total expense related to the fair value of options granted which was recognized in the three months ended January 31, 2023, was $1,887 (2022 – $13,092). As of October 31, 2022 and January 31, 2023, the Company had outstanding options as follows:

Date of expiry	Options outstanding	Options exercisable	Exercise price		Grant date fair value vested	Remaining life in years
September 25, 2024	14,375	14,375	$3.20	$	37,264	1.65
March 23, 2026	197,500	197,500	$4.00	$	583,810	3.14
April 20, 2026	10,000	10,000	$3.00	$	24,026	3.22
June 4, 2026	12,500	12,500	$2.60	$	23,910	3.34
September 29, 2026	10,000	10,000	$1.20	$	8,547	3.66
January 12, 2027	50,000	37,500	$0.78	$	35,867	3.95
September 26, 2027	2,500,000	2,500,000	$0.02	$	54,499	4.65
	2,794,375	2,781,875			767,923	

10. Related party transactions (see also note 6)

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 2023		Three months 2022
Directors & officers compensation	**$**	**79,245**	$	127,912
Share-based payments		**1,887**		13,092
	$	**81,132**	$	141,004

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. ("2227") 2227 is a company wholly owned by Fred Leigh, who is a former director of the Company. (see Note 6).

See Note 5. The Company assumed $87,918 (CAD$120,000) debt of Dyscovry owed to a director, that are unsecured, non-interest bearing, and to be repaid by 12 months' installments. See also Note 5.

$75,000 was owed to the former CEO of the Company, that is unsecured, non-interest bearing and due on demand as of October 31, 2022 and January 31, 2023.

As at October 31, 2022, $631,137 (October 31, 2022 - $530,067) due to related parties of the Company are unsecured, and overdue.

See Note 14.

11. Commitments and contingencies

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 $803,756 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 consolidated financial statements. The Company is also committed to payments upon termination of approximately $437,578 pursuant to the terms of these contracts.

Make-Whole Amount

According to the Subscription Agreement of the convertible debentures as described in note 9(2), that was amended on July 13, 2022 and December 22, 2022, when the Investor converts the principal amount of debentures in to common shares, there would be a make-whole amount being a liability of the Company to the Investor. As long as the theoretical conversion price, which is the volume weighted average price observed over the 20 trading days immediately preceding the date of conversion, is lower than the 100% of the closing price of the common shares on the CSE on the trading date immediately preceding the date of the conversion, which is almost always certain, there would be a make-whole-amount liability. This contingent liability will be very significant for the Company but at the date of the financial statement the impact could not be determined.

12. Financial instrument risk

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

- credit risk
- liquidity risk
- interest rate risk
- currency 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 balances. 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. As such, the Company has assessed an insignificant loss allowance on these financial instruments.

(In U.S. dollars, except share and per share amounts, unless otherwise noted)

12. Financial instrument risk (continued)

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 due to related parties, loans payable and make-whole amount payable.

Interest rate risk

Interest rate risk is the risk that the fair value of interest bearing financial instruments will fluctuate due to changes in market interest rates. The majority of the Company's interest bearing financial instruments are subject to fixed interest rates. As a result, the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates and considers interest rate risk insignificant.

Currency risk

The Company is exposed to currency risk to the extent that monetary operational expenses are denominated in both CAD and U.S. dollars while functional currency of U.S. dollars is used for reporting. The Company has not entered into any foreign currency contracts to mitigate this risk.

As at October 31, 2022 the Company had the following balances in monetary assets and monetary liabilities which are subject to fluctuation against U.S. dollars:

	Denomiated in: CAD
Other accounts receivable	64,276
Accounts payable	(1,458,032)
Loans payable	(45,694)
Make-whole amount payable	(963,550)
Due to related parties	(308,561)
	(2,711,561)
Foreign currency rate	0.73265
Equivalent to U.S. dollars	**(1,986,625)**

Based on the above exposures at October 31, 2022, and assuming that all other variables remain constant a 10% change of the CAD against the U.S. dollar would impact the net loss by approximately $200,000.

13. Capital management

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

On October 31, 2022, the Company has minimal cash-generating operations; therefore, the only source of cash flow is generated from financing activities or loans. The Company may enter into new financing arrangements to meet its objectives for managing capital, until such time as a viable business activity is operational and the Company can thereby internally generate sufficient capital to cover its operational requirements.

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

14. Subsequent events

(a) During the period from February 27, 2023 to March 4, 2023, the Company issued 107,903,397 common shares each at CAD$0.011 ($0.008) to settle a total debt of CAD$1,186,937 ($875,322) of the Company.

(b) On March 24, 2023 the Company announced it is partnering with Oregon-based Satya, Inc. to develop a robust ecosystem aimed at supporting the well-being of psilocybin patients and Oregonian entrepreneurs alike. Silo and Satya have established a Raw Materials Supply and Purchase Agreement. The agreement includes a Right of First Refusal (ROFR) that guarantees Silo's affiliates first rights to any of Satya's psilocybin biomass that become available for sale.

(c) On March 27, 2023, the Company entered into a definitive stock purchase agreement dated March 27, 2023 with a non-arm's length entity owned by its board member Michael Hartman (the "Buyer") for the sale of the Company's wholly-owned subsidiary SW Holdings, Inc. ("SWHI") for $150,000 to be paid out of any net proceeds from licensing or other revenue after any current lienholders are satisfied.

For additional consideration, SWHI is to pay to the Company into perpetuity (following the clearing of all currently existing secured debt) a 50% royalty payment of any licensing fees or other revenue produced by SWHI or 50% of any assets sold. At any time within 60 days of the closing of the transaction, the Buyer can opt to pay USD $50,000 cash (or $75,000 for the following 180 days) to satisfy the purchase price and reduce the revenue/royalty payment from 50% to 25%. The Company also agreed to pay $10,000 to the Buyer at closing to contribute to attorney fees and closing costs.