

## **SYD FINANCIAL INC.**

**Condensed Interim Financial Statements  
September 30, 2016  
(Unaudited - Expressed in Canadian Dollars)**

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## **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 interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

The Company's independent auditor Smythe Ratcliffe LLP has not performed a review of these 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.

November 28, 2016

**SYD FINANCIAL INC.**  
**Condensed Interim Statements of Financial Position**  
**(Unaudited - Expressed in Canadian Dollars)**

|  | September 30,<br>2016 | March 31, 2016 |
|--|-----------------------|----------------|
| <b>Assets</b>                            |                       |                |
| <b>Current</b>                           |                       |                |
| Cash, in trust                           | \$ 56                 | \$ 168         |
| GST receivable                           | 889                   | 756            |
| Promissory note (note 5)                 | 29,000                | 29,000         |
|  | \$ 29,945             | \$ 29,924      |
| <b>Liabilities</b>                       |                       |                |
| <b>Current</b>                           |                       |                |
| Accounts payable and accrued liabilities | \$ 5,614              | \$ 4,436       |
|  | 5,614                 | 4,436          |
| <b>Equity</b>                            |                       |                |
| <b>Share Capital</b> (note 6)            | 44,000                | 44,000         |
| <b>Deficit</b>                           | (19,669)              | (18,512)       |
|  | 24,331                | 25,488         |
|  | \$ 29,945             | \$ 29,924      |

Approved on behalf of the Board:

Keith Anderson (signed)  
Keith Anderson, Director

Blair Naughty, (signed)  
Blair Naughty, Director

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

**SYD FINANCIAL INC.****Condensed Interim Statements of Operations and Comprehensive Loss  
For the Six Months Ended September 30,  
(Unaudited - Expressed in Canadian Dollars)**

|   | <b>Three Months Ended</b>         |                                   | <b>Six Months Ended</b>           |                                   |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|   | <b>September<br/>30,<br/>2016</b> | <b>September<br/>30,<br/>2015</b> | <b>September<br/>30,<br/>2016</b> | <b>September<br/>30,<br/>2015</b> |
| <b>Expenses</b>   |                                   |                                   |                                   |                                   |
| Accounting, legal and audit   | \$ 1,050                          | \$ 1,919                          | \$ 1,157                          | \$ 13,972                         |
| Transfer agent and filing fees  | -                                 | 2,818                             | -                                 | 2,818                             |
| <b>Loss and Comprehensive Loss for the<br/>Period</b>                               | <b>1,050</b>                      | <b>4,737</b>                      | <b>1,157</b>                      | <b>16,790</b>                     |
| <b>Basic and Diluted Loss Per Share</b>   | <b>\$ (0.00)</b>                  | <b>\$ (0.00)</b>                  | <b>\$ (0.00)</b>                  | <b>\$ (0.02)</b>                  |
| <b>Weighted Average Number of Common<br/>Shares Outstanding – Basic and Diluted</b> | <b>2,200,000</b>                  | <b>1,837,363</b>                  | <b>2,200,000</b>                  | <b>918,682</b>                    |

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

**SYD FINANCIAL INC.**  
**Condensed Interim Statements of Changes in Equity**  
**(Unaudited - Expressed in Canadian Dollars)**

|  | Number of<br>Shares | Capital Stock | Deficit     | Total     |
|--|---------------------|---------------|-------------|-----------|
| <b>Balance, February 18, 2015</b>              | 1                   | \$ -          | \$ -        | \$ 1      |
| Shares issued for plan of arrangement          | 2,200,000           | 44,000        | -           | 44,000    |
| Share redeemed                                 | (1)                 | (1)           | -           | (1)       |
| Net loss and comprehensive loss for the period | -                   | -             | (18,512)    | (18,512)  |
| <b>Balance, March 31, 2016</b>                 | 2,200,000           | \$ 44,000     | \$ (18,512) | \$ 25,488 |
| Net loss and comprehensive loss for the period | -                   | -             | (1,157)     | (1,157)   |
| <b>Balance, September 30, 2016</b>             | 2,200,000           | \$ 44,000     | \$ (19,669) | \$ 24,331 |

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

**SYD FINANCIAL INC.**  
**Condensed Interim Statements of Cash Flows**  
**For the Six Months Ended September 30,**  
**(Unaudited - Expressed in Canadian Dollars)**

|  | <b>2016</b>  | <b>2015</b>     |
|--|--------------|-----------------|
| <b>Operating Activities</b>                |              |                 |
| Net loss                                   | \$ (1,157)   | \$ (16,790)     |
| Changes in non-cash working capital        |              |                 |
| GST receivable                             | (133)        | (748)           |
| Accounts payable and accrued liabilities   | 1,178        | 2,936           |
| <b>Cash Used in Operating Activities</b>   | <b>(112)</b> | <b>(14,602)</b> |
| <b>Financing Activity</b>                  |              |                 |
| Shares issued for cash                     | -            | 15,000          |
| <b>Cash Provided by Financing Activity</b> | <b>-</b>     | <b>15,000</b>   |
| <b>Outflow of Cash</b>                     | <b>(112)</b> | <b>-</b>        |
| <b>Cash, Beginning of Period</b>           | <b>168</b>   | <b>1</b>        |
| <b>Cash, End of Period</b>                 | <b>\$ 56</b> | <b>\$ 398</b>   |

At September 30, 2016, cash of \$56 (March 31, 2016 - \$168) was held in trust.

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

**SYD FINANCIAL INC.**  
**Notes to the Condensed Interim Financial Statements**  
**For the Six Months Ended September 30, 2016**  
**(Unaudited - Expressed in Canadian Dollars)**

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

SYD Financial Inc. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on February 18, 2015. The principal business of the Company is to identify, evaluate and then acquire an interest in a business or assets. On July 16, 2015, the Company entered into a Plan of Arrangement with Alchemist Mining Inc. ("Alchemist") and became a reporting issuer in the provinces of British Columbia, Alberta and Ontario. The address of its head office is located at 1288 Steeple Drive, Coquitlam, British Columbia, Canada V3E 1K2.

These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company's continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of or participation in an interest in properties, assets or businesses.

These conditions represent a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

**2. BASIS OF PRESENTATION**

(a) Statement of compliance

The condensed interim financial statements ("financial statements") of the Company have been prepared in accordance with IAS 34 Interim Financial Reporting.

The condensed interim financial statements of the Company should be read in conjunction with the Company's March 31, 2016 financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Approval of the financial statements

The financial statements of the Company for the six months ended September 30, 2016, were reviewed by the Audit Committee and approved and authorized for issue on November 28, 2016 by the Board of Directors of the Company.

(c) Basis of presentation

The financial statements are presented in Canadian dollars, which is also the Company's functional currency. The financial statements of the Company have been prepared on an accrual basis except for cash flow information, and are based on historical costs, except for certain financial instruments, which are stated at their fair values.

**SYD FINANCIAL INC.**  
**Notes to the Condensed Interim Financial Statements**  
**For the Six Months Ended September 30, 2016**  
**(Unaudited - Expressed in Canadian Dollars)**

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**3. SIGNIFICANT ACCOUNTING POLICIES**

The condensed interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in Note 3 to the audited financial statements for the year ended March 31, 2016.

**4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

The Company classifies its financial instruments as follows:

- Cash is classified as a financial asset at FVTPL;
- Promissory note is classified as loans and receivables; and
- Accounts payable and accrued liabilities is classified as other financial liabilities.

The carrying values of these financial assets approximate their fair values.

The Company's risk exposure and the impact on the Company's financial instruments is summarized below:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing at major Canadian financial institutions. The Company has minimal credit risk. The Company has credit risk with respect to the promissory note receivable.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. At September 30, 2016, the Company has cash, in trust of \$56 available to apply against short-term business requirements and current liabilities of \$5,614. All of the liabilities are due within 90 days.

**5. PLAN OF ARRANGEMENT**

The Company was incorporated as a wholly owned subsidiary of Alchemist and on July 16, 2015, completed the Arrangement with Alchemist. Pursuant to the Arrangement, the Company issued 2,200,000 common shares to shareholders of Alchemist in exchange for Class 3 reorganization shares of Alchemist.

Alchemist subsequently redeemed all of the Class 3 reorganization shares by the transfer to the Company of \$15,000 in cash and a promissory note in the principal amount of \$29,000, and the Company redeemed the initial one common share held by Alchemist for \$1, with the result that the shareholders of Alchemist held all the shares of the Company. The promissory note is due on demand and bears no interest.



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**6. CAPITAL STOCK**

(a) Authorized

Unlimited number of common shares and preferred shares without par value

(b) Issued and outstanding

Six Month Period Ended September 30, 2016

There were no transactions during the six months ended September 30, 2016.

Year Ended March 31, 2016

On July 16, 2015, as part of the Arrangement with Alchemist, the Company issued 2,200,000 common shares of the Company to shareholders of Alchemist. Concurrent with the Arrangement, the Company redeemed one common share issued on incorporation.

**7. CAPITAL MANAGEMENT**

The Company is actively looking to acquire an interest in a business or assets and this involves a high degree of risk. The Company has not determined whether it will be successful in its endeavours and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of share capital. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations, and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company defines its capital as equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid. There have been no changes to the Company's approach to capital management during the six months ended September 30, 2016.