

SYD FINANCIAL INC.

**Financial Statements
March 31, 2017 and 2016
(Expressed in Canadian Dollars)**

<u>Index</u>	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Operations and Comprehensive Loss	3
Statements of Cash Flows	4
Statements of Changes in Equity (Deficit)	5
Notes to the Financial Statements	6 – 16



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of SYD Financial Inc.

We have audited the accompanying financial statements of SYD Financial Inc., which comprise the statement of financial position as at March 31, 2017, and the statements of operations and comprehensive loss, changes in equity (deficit) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of SYD Financial Inc. as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about SYD Financial Inc.'s ability to continue as a going concern.

Other Matter

The financial statements of SYD Financial Inc. for the year ended March 31, 2016 were audited by another auditor who expressed an unmodified opinion on those statements on July 28, 2016.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
July 28, 2017

SYD FINANCIAL INC.

Statements of Financial Position
(Expressed in Canadian Dollars)

	March 31, 2017	March 31, 2016
Assets		
Current		
Cash	\$ 5,886	\$ 168
GST receivable	6	756
Promissory note receivable (Note 6)	8,171	29,000
Total Assets	\$ 14,063	\$ 29,924
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 5,628	\$ 4,436
Accrued interest payable (Note 8)	175	-
Notes payable (Note 8)	12,500	-
Total liabilities	18,303	4,436
Equity		
Share Capital (Note 9)	44,000	44,000
Deficit	(48,240)	(18,512)
Total shareholders' equity (deficit)	(4,240)	25,488
Total liabilities and shareholders' equity	\$ 14,063	\$ 29,924

Subsequent Event (Note 13)

Approved on behalf of the Board:

Keith Anderson (signed)

Keith Anderson, Director

Blair Naughty, (signed)

Blair Naughty, Director

SYD FINANCIAL INC.

Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Years Ended	
	March 31, 2017	March 31, 2016
Expenses		
Accounting, legal and audit	\$ 10,756	\$ 15,694
Corporate administration fees (Note 10)	16,000	-
Transfer agent and filing fees	2,797	2,818
Finance costs	175	-
Net loss and comprehensive loss for the year	\$ (29,728)	\$ (18,512)
Basic and Diluted Loss Per Share	\$ (0.01)	\$ (0.01)
Weighted Average Number of Common		
Shares Outstanding – Basic and Diluted	2,158,365	1,527,368

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

SYD FINANCIAL INC.
Statements of Cash Flows
For the Years Ended March 31,
(Expressed in Canadian Dollars)

	2017	2016
Operating Activities		
Net loss	\$ (29,728)	\$ (18,512)
Changes in non-cash working capital		
GST receivable	750	(756)
Interest payable	175	-
Promissory note receivable	20,829	
Accounts payable and accrued liabilities	1,192	4,436
Cash Used in Operating Activities	(6,782)	(14,832)
Financing Activities		
Proceeds from the issuance of notes payable	12,500	-
Shares issued for cash	-	15,000
Share redeemed	-	(1)
Cash Provided by Financing Activities	12,500	15,000
Net increase in cash	5,718	167
Cash, Beginning	168	1
Cash, Ending	\$ 5,886	\$ 168

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

SYD FINANCIAL INC.

Statement of Changes in Equity (Deficit)
(Expressed in Canadian Dollars)

	Number of Shares	Capital Stock	Deficit	Total
Balance, April 1, 2015	1	\$ 1	\$ -	\$ 1
Shares issued for plan of arrangement (Note 5)	2,158,365	44,000	-	44,000
Share redeemed	(1)	(1)	-	(1)
Net loss and comprehensive loss for the year	-	-	(18,512)	(18,512)
Balance, March 31, 2016	2,158,365	44,000	(18,512)	25,488
Net loss and comprehensive loss for the year	-	-	(29,728)	(29,728)
Balance, March 31, 2017	2,158,365	\$ 44,000	\$ (48,240)	\$ (4,240)

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

SYD FINANCIAL INC.

Notes to the Financial Statements

March 31, 2017

(Expressed in Canadian Dollars)

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 and evaluate exploration and evaluation assets. The address of its head office is located at 303 – 570 Granville Street, Vancouver, British Columbia, Canada V6C 3P1. The address of its registered office is 800-885 West Georgia Street, Vancouver, British Columbia, Canada V6C 3H1.

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. At March 31, 2017, the Company had not yet achieved profitable operations, had a working capital deficiency of \$4,240 and has an accumulated deficit of \$48,240. The Company expects to incur further losses in the development of its business and its continued operations 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. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements are prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The significant accounting policies set out in Note 3 have been applied consistently to all periods presented.

(b) Approval of the financial statements

The financial statements of the Company for the year ended March 31, 2017 were reviewed by the Audit Committee and approved and authorized for issue on July 28, 2017 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 Financial Statements

March 31, 2017

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial instruments

(i) Financial assets

The Company classifies its financial assets as fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Fair value through profit or loss

Financial assets are classified as FVTPL when the financial asset is held-for-trading or it is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost, less any impairment.

Held-to-maturity investments

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of available-for-sale financial assets are recognized as other comprehensive income and classified as a component of equity.

Management assesses the carrying value of available-for-sale financial assets at least annually and any impairment charges are also recognized in profit or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit or loss.

SYD FINANCIAL INC.

Notes to the Financial Statements

March 31, 2017

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Financial instruments (Continued)

(i) Financial assets (Continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investments have been impacted

(ii) Financial liabilities

Financial liabilities are classified into one of two categories.

Fair value through profit or loss

This category comprises derivatives, or liabilities, acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the income statement over the period to maturity using the effective interest method. Other financial liabilities are classified as current or non-current based on their maturity date.

(iii) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

SYD FINANCIAL INC.

Notes to the Financial Statements

March 31, 2017

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Share capital

The Company's common shares, share purchase warrants and stock options are classified as equity instruments. Incremental costs directly attributable to the issuance of equity instruments are recorded as reductions to equity, net of tax. For equity offerings of units consisting of common shares and warrants, when both instruments are classified as equity, the Company does not bifurcate the proceeds between common shares and warrants.

(c) Loss per share

Basic loss per share is calculated by dividing the net loss attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is calculated by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding for the effects of all options, warrants and similar instruments outstanding that may add to the total number of common shares.

(d) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Deferred tax

Deferred tax is recognized on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

SYD FINANCIAL INC.

Notes to the Financial Statements

March 31, 2017

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Significant estimates and assumptions

The preparation of these financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability and measurement of deferred tax assets.

(f) Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

(g) Accounting standards issued but not yet adopted

At the date of the approval of the financial statements, a number of standards and interpretations were in issue but not effective. The Company considers that these new standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's financial statements.

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 and notes payable are classified as other financial liabilities.

The carrying values of these financial instruments approximate their fair values due to their short-term nature.

SYD FINANCIAL INC.

Notes to the Financial Statements

March 31, 2017

(Expressed in Canadian Dollars)

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – Continued

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 it with organizations of high credit worthiness. 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 March 31, 2017, the Company has cash of \$5,886 available to apply against short-term business requirements and current liabilities of \$18,303. All of the liabilities are due within 90 days.

(c) Interest Rate Risk

The Company's current exposure to interest rate arises from the interest rate impact on its cash. The fair value of cash is not significantly affected by changes in short term interest rates.

(d) Foreign Currency exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Company is not exposed to foreign exchange risk.

5. PLAN OF ARRANGEMENT

The Company was incorporated as a wholly owned subsidiary of Alchemist Mining Inc. ("Alchemist") and on July 16, 2015, completed the Arrangement with Alchemist. Pursuant to the Arrangement, the Company issued 2,158,365 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.

SYD FINANCIAL INC.

Notes to the Financial Statements

March 31, 2017

(Expressed in Canadian Dollars)

6. PROMISSORY NOTE RECEIVABLE

At March 31, 2017, the Company had a promissory note receivable in the amount of \$8,171 (2016 - \$29,000). The promissory note is due on demand, unsecured and bears no interest.

On July 16, 2015, the Company received a promissory note receivable in the principal amount of \$29,000 from Alchemist (Note 5). During the year ended March 31, 2017, accounts payable of \$20,829 (2016 - \$nil) due to Alchemist were offset against the balance receivable from Alchemist under the promissory note. Of the total accounts payable to Alchemist, \$16,000 was for corporate administration costs and \$4,829 was for expenses incurred on behalf of the Company.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities recognized on the statements of financial position consist of the following:

	2017	2016
Trade payables	\$ 70	\$ 2,936
Accrued liabilities	5,558	1,500
Total accounts payable and accrued liabilities	\$ 5,628	\$ 4,436

8. NOTES PAYABLE

During the year ended March 31, 2017, the Company issued five promissory notes for \$2,500 each in the aggregate principal amount of \$12,500. The promissory notes are unsecured, bear interest at 10% per annum, and are due on demand.

During the year ended March 31, 2017, the Company incurred interest expense of \$175 (2016 - \$nil) in connection with these promissory notes payable. At March 31, 2017, accrued interest was \$175 (March 31, 2016 - \$nil).

SYD FINANCIAL INC.

Notes to the Financial Statements

March 31, 2017

(Expressed in Canadian Dollars)

9. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares and preferred shares without par value.

Issued and outstanding

Year Ended March 31, 2017

There were no share issuances during the year ended March 31, 2017.

Year Ended March 31, 2016

On July 16, 2015, as part of the Arrangement with Alchemist (Note 5), the Company issued 2,158,365 common shares to the shareholders of Alchemist. Concurrent with the Arrangement, the Company redeemed one common share issued on incorporation.

(b) Share purchase warrants

As of March 31, 2017, there are no outstanding share purchase warrants (2016 – nil).

(c) Stock options

As of March 31, 2017, there are no outstanding stock options (2016 – nil).

10. RELATED PARTY TRANSACTIONS

During the year ended March 31, 2017, the Company paid \$16,000 (2016 - \$nil) to Alchemist for corporate administration costs.

SYD FINANCIAL INC.

Notes to the Financial Statements

March 31, 2017

(Expressed in Canadian Dollars)

11. 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 equity financing.

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 paid. There have been no changes to the Company's approach to capital management during the year ended March 31, 2017.

12. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	2017	2016
Net loss for the year	\$ (29,728)	\$ (18,512)
Statutory income tax rate	26%	26%
Income tax benefit computed at statutory tax rate	(7,700)	(4,813)
Unrecognized benefit of income tax losses	7,700	4,813
Income tax benefit	\$ -	\$ -

The Company has non-capital losses of \$48,240 available for carry-forward to reduce future years' income for income tax purposes.

These losses expire as follows:

<u>Year of Expiry</u>	<u>Amount</u>
2036	\$ 18,512
2037	\$ 29,728

The company has not recognized any deferred tax assets with respect to these non-capital losses.

SYD FINANCIAL INC.

Notes to the Financial Statements

March 31, 2017

(Expressed in Canadian Dollars)

13. SUBSEQUENT EVENT

On July 10, 2017, the Company entered into an agreement with 1109692 B.C. Ltd. ("Numberco") and the holders of Numberco pursuant to which the Company will (i) purchase all of the issued and outstanding shares of Numberco in exchange for 15,200,001 common shares of the Company, on the basis of one (1) share of the Company for each one (1) share of Numberco and (ii) purchase all of the issued and outstanding warrants of Numberco in exchange for 15,200,000 warrants of the Company (the "Replacement Warrants"). Each Replacement Warrant will be exercisable at an exercise price of \$0.05 per share until April 19, 2027.

Numberco is a private mineral exploration company with an exploration and evaluation stage property located in Quebec, Canada. It is contemplated that, upon closing of the agreement, Numberco will become a wholly-owned subsidiary of the Company, and the transaction will constitute a reverse take-over of the Company by the Numberco.. The transaction remains subject to approval by the board of directors of the Company and the board of directors of Numberco, as well as all other approvals required for completion of the transaction, including regulatory approvals.