SYD Financial Inc.

Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian Dollars)

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(Expressed in Canadian dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of SYD Financial Inc.

Opinion

We have audited the consolidated financial statements of SYD Financial Inc.(the "Company"), which comprise the consolidated statements of financial position as at March 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred a net loss of $172,710 during the year ended March 31, 2019. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is David Goertz.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

July 29, 2019

SYD Financial Inc.
Consolidated Statements of Financial Position
Expressed in Canadian dollars

	Note	**March 31, 2019**	**March 31, 2018**
		$	$
ASSETS			
Current assets			
Cash		85,553	194,420
Sales tax recoverable		1,865	4,512
Total current assets		87,418	198,932
Exploration and evaluation asset	5	93,306	83,299
Total assets		180,724	282,231
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	6	46,157	39,716
Related party payables	9	26,000	14,000
Deferred tax liabilities	11	10,091	-
Total liabilities		82,248	53,716
SHAREHOLDERS' EQUITY			
Share capital	7	469,838	430,675
Reserve	8	3,508	-
Accumulated deficit		(374,870)	(202,160)
Total shareholders' equity		98,476	228,515
Total liabilities and shareholders' equity		180,724	282,231

Going-concern (Note 1)
Subsequent event (Note 12)

Approved on behalf of the Board:

Keith Anderson (signed)
Keith Anderson, Director

Spencer Smyl, (signed)
Spencer Smyl, Director

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

SYD Financial Inc.
Consolidated Statement of Loss and Comprehensive Loss
Expressed in Canadian dollars

	Note	For the Year Ended March 31, 2019	2018
		$	$
OPERATING EXPENSES			
Consulting		50,522	3,338
Corporate administration		5,070	1,200
Management fees	9	12,000	16,500
Office and miscellaneous		1,069	664
Professional fees		50,389	45,702
Shareholder information		3,118	450
Transfer agent and filing fees		22,719	6,424
		144,887	(74,278)
OTHER ITEMS			
Interest and penalties	6	17,732	-
Listing expense	4	-	118,750
LOSS BEFORE INCOME TAXES		(162,619)	(193,028)
Deferred income tax expense	11	10,091	-
NET LOSS AND COMPREHENSIVE LOSS		(172,710)	(193,028)
LOSS PER SHARE			
Basic and diluted		(0.01)	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		17,457,782	15,047,408

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

SYD Financial Inc.

Consolidated Statements of Changes in Shareholders' Equity

Expressed in Canadian dollars

	Note	Number	Share Capital	Contributed Surplus	Deficit	Total shareholders' equity
			$	$	$	$
Balance, March 31, 2017		**1**	**-**	**-**	**(9,132)**	**(9,132)**
Issued for cash						
private placement – at $0.025	7	11,200,000	280,000	-	-	280,000
Flow through private placement – at $0.025	7	4,000,000	100,000	-	-	100,000
less; share issue costs	7	-	(3,284)	-	-	(3,284)
Shares issued for Acquisition of Number Co	4	2,158,365	53,959	-	-	53,959
Net loss and comprehensive loss		-	-	-	(193,028)	(193,028)
Balance, March 31, 2018		**17,358,366**	**430,675**	**-**	**(202,160)**	**228,515**
Balance, March 31, 2018		17,358,366	430,675	-	(202,160)	228,515
Issued for cash						
private placement – at $0.20	7	277,000	55,400	-	-	55,400
less; share issue costs	7	-	(12,729)	-	-	(12,729)
Finders' warrants	7,8	-	(3,508)	3,508	-	-
Net loss and comprehensive loss		-	-	-	(172,710)	(172,710)
Balance, March 31, 2019		**17,635,366**	**469,838**	**3,508**	**(374,870)**	**98,476**

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

SYD Financial Inc.
Consolidated Statements of Cash Flows
Expressed in Canadian dollars

	For the Year Ended March 31,	
	2019	**2018**
	$	$
OPERATING ACTIVITIES		
Net loss for the year	(172,710)	(193,028)
Items not affecting cash:		
Listing expense	-	54,240
Interest and penalty	17,732	-
Deferred income tax expense	10,091	-
Change in non-cash working capital items:		
Sales tax recoverable	2,647	(2,884)
Related party payables	12,000	14,000
Trade payables and accrued liabilities	(15,866)	28,675
Cash flows used in operating activities	(146,106)	(98,997)
FINANCING ACTIVITIES		
Proceeds from the issuance of common shares	55,400	380,000
Share issue costs	(12,729)	(3,284)
Cash flows provided by financing activities	42,671	376,716
INVESTING ACTIVITIES		
Expenditures on exploration and evaluation asset	(5,432)	(83,299)
Cash flows used in investing activities	(5,432)	(83,299)
Change in cash during the year	(108,867)	194,420
Cash, beginning of year	194,420	-
CASH, END OF YEAR	**85,553**	**194,420**
NON-CASH ACTIVITY		
Exploration expenditure include in accounts payable	4,575	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

SYD Financial Inc. (“SYD” or the “Company”) was incorporated under the *Business Corporations Act* (British Columbia). The Company trades on the Canadian Securities Exchange under the symbol “SYDF”. 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.

On December 13, 2017, the Company entered into an acquisition agreement with 1109692 B.C. Ltd. (“Numberco”) pursuant to which SYD purchased all outstanding and issued shares and warrants of Numberco in exchange for shares and warrants of SYD on a one for one basis. The principal business of Numberco is the acquisition, exploration and evaluation of mineral properties in Canada (Note 4).

These consolidated 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, 2019, the Company had not yet achieved profitable operations and has an accumulated deficit of $374,870 since its inception. 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 consolidated 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 consolidated financial statements.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

(b) Approval of the financial statements

The consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue on July 29, 2019 by the Board of Directors of the Company.

2. BASIS OF PRESENTATION (CONTINUED)

(c) Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for certain financial assets carried at fair value. The financial statements are presented in Canadian dollars, the functional currency of the Company and its subsidiary, unless otherwise noted.

(d) Basis of consolidation

The Company's consolidated financial statements include the accounts of the Company and its subsidiary. The subsidiary is an entity controlled by the Company, where control is achieved by the Company being exposed to, or having rights to, variable returns from its involvement with the entity and having the ability to affect those returns through its power over the entity.

The subsidiary is fully consolidated from the date on which control is obtained by the Company, and are deconsolidated from the date that control ceases. All inter-company transactions, balances, income and expenses are eliminated on consolidation.

(e) Use of estimates and judgements

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Deferred tax assets and liabilities
The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized.

2. BASIS OF PRESENTATION (CONTINUED)

(e) Use of estimates and judgements (continued)

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful operations of the Company. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred tax provisions or recoveries could be affected.

Carrying value and recoverability of exploration and evaluation assets
The carrying amount of the Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

3. SIGNIFICANT ACCOUNTING POLICIES

Exploration and evaluation assets

The Company may hold interests in mineral property interests in various forms, including prospecting licenses, exploration and exploitation concessions, mineral leases and surface rights, and property options. The Company capitalizes payments made in the process of acquiring legal title to these properties. Mineral property interest acquisition costs are recorded at historical cost. Exploration and evaluation expenditures incurred on properties prior to obtaining legal rights to explore the specific area are recognized in profit or loss as incurred.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to development assets within property, plant and equipment.

The carrying values of exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When impairment indicators exist, the asset's recoverable amount is estimated. If it is determined that the estimated recoverable amount is less than the carrying value of an asset, then a write-down is recognized in profit or loss.

An impairment loss is reversed if there is indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

Current income tax
Current income tax assets and liabilities 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.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax
Deferred income tax is recognized, using the asset and liability method, 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 income 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 income tax asset to be utilized.

Deferred income 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 income tax assets and deferred income 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.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company’s estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company’s estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. The Company currently has no measurable obligations for restoration and environmental costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments

The Company accounts for share-based payments using the fair value method. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black–Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Flow-through shares

The Company from time to time issues flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors.

On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability; and ii) share capital. Upon expenses being renounced and incurred, the Company derecognizes the liability and the premium is recognized as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Revenue recognition

Effective April 1, 2018, the Company has adopted IFRS 15 Revenue from Contracts with Customers (“IFRS 15”). IFRS 15 replaces all previous revenue recognition standards, including IAS 18 Revenue (“IAS 18”), and related interpretations. The standard sets out the requirements for recognizing revenue. Specifically, the new standard introduces a comprehensive framework with the general principle being that an entity recognizes revenue to depict the transfer of promised goods and services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company elected to apply IFRS 15 using a modified retrospective approach by recognizing the cumulative effect of initially adopting this standard at the date of initial recognition. Comparative information has not been restated and continues to be reported under IAS 18. The Company has concluded that there was no cumulative effect adjustment required to be recognized on adoption.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

Effective April 1, 2018, the Company has adopted IFRS 9 Financial instruments: Classification and Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial asset/ liability	Original classification IAS 39	New classification IFRS 9
Cash	Fair value through profit and loss	Amortized cost
Trade payables	Amortized cost	Amortized cost
Related party payables	Amortized cost	Amortized cost

Financial assets
On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash and digital assets are measured at FVTPL.

Impairment of financial assets
IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities
Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable, due to shareholder, and convertible debentures are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

The Company retrospectively adopted IFRS 9 on April 1, 2018. Due to the short-term and/or liquid nature of its financial assets and financial liabilities, the adoption had no impact on the amounts recognized in the Company's consolidated financial statements for the year ended March 31, 2019.

Loss per share

Basic loss per share is calculated by dividing the net loss for the year divided by the weighted average number of common shares outstanding during the year. The diluted loss per share are calculated based on the weighted average number of common shares outstanding during the year, plus the effects of the dilutive common share equivalents. This method requires that the dilutive effect of outstanding options and warrants issued be calculated using the treasury stock method. This method assumes that all common share equivalents have been exercised at the beginning of the year (or at the time of issuance, if later), and that the funds obtained thereby were used to purchase common shares of the Company at the average trading price of common shares during the year.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount. A CGU is 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. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Future Accounting Policy Changes

New Standard IFRS 16 "Leases"
IFRS 16, Leases, new standard contains a single lessee accounting model, eliminating the distinction between operating and financing leases from the perspective of the lessee. The accounting requirements from the perspective of the lessor remains largely in line with previous IAS 17 requirements, effective for annual reporting periods beginning on or after January 1, 2019. The adoption of this standard will not have a significant effect on the Company's consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. REVERSE TAKEOVER TRANSACTION

During the year ended March 31, 2018, the Company entered into an acquisition agreement with Numberco whereby SYD purchased all of the shares of Numberco in exchange for common shares of SYD on the basis of one common share of SYD for each one share of Numberco. As well, SYD purchased all of the issued and outstanding warrants of Numberco in exchange for warrants of SYD (the "Replacement Warrants"). Each Replacement Warrant is exercisable into one common share of SYD at an exercise price of $0.05 per share until April 19, 2027.

Upon closing of the acquisition agreement, Numberco became a wholly-owned subsidiary of SYD.

(Expressed in Canadian dollars)

4. REVERSE TAKEOVER TRANSACTION (CONTINUED)

As of the date of the Acquisition Agreement, Numberco had advanced $54,500 to SYD to pay for expenses associated with public company reporting obligations prior to the consummation of the transaction. All amounts advanced were eliminated upon consolidation upon completion of the Acquisition Agreement.

The Acquisition Agreement was accounted for, during the year ended March 31, 2018, as a reverse takeover transaction that was not a business combination and effectively a capital transaction of Numberco. Numberco has been treated as the accounting acquirer (legal subsidiary) and SYD has been treated as the accounting acquiree (legal parent) in these consolidated financial statements. As Numberco was deemed to be the acquirer for accounting purposes, the consolidated financial statements are presented as a continuation of Numberco.

Details of the purchase price consideration and allocation are shown below:

	$
Consideration paid – 2,158,365 shares	53,959
Legal fees in relation to amalgamation	18,890
Net assets required	
Cash	8,880
Receivables	1,629
Trade payables and accrued liabilities	(1,910)
Due to NumberCo	(54,500)
Net liabilities assumed	(45,901)
Listing expense	118,750

The fair value of Consideration paid was calculated based on the number of common shares of SYD outstanding as of the date of the consummation of the transaction with a fair value per share of $0.025, which is the price at which Numberco common shares were issued in a recent private placement transaction prior to the consummation of the Acquisition Agreement.

The fair value of SYD's net assets and liabilities was estimated to be consistent with their carrying value due to their short-term nature.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

The Company has acquired the rights, through staking, to 102 mineral claims covering approximately 4,550 hectares located in the Chapais Township, Quebec, collectively known as the Pluto Gold and Base Metals Property (the "*Pluto Gold Prospect*").

The Company had incurred exploration and acquisition costs on the Pluto Gold Prospect as follows:

	Pluto Gold Prospect
	$
Balance, March 31, 2017	-
Acquisition costs	
Staking costs	6,537
Exploration expenditures	
Assay	2,626
Geological	47,308
Tilling and sampling	23,060
Travel and field	3,768
Balance, March 31, 2018	83,299
Exploration expenditures	
Renewals	5,552
Geological	4,455
Balance, March 31, 2019	93,306

6. TRADE PAYABLES AND ACCRUED LIABILITIES

	March 31, 2019	**March 31, 2018**
	$	$
Trade payables	14,925	10,986
Accrued liabilities	13,500	28,730
Flow-through share related provision	17,732	-
	46,157	39,716

During the year ended March 31, 2019, the Company incurred interest and penalty of $17,732 (2018 - $nil) pertaining to renunciation of flow-through share expenditures.

(Expressed in Canadian dollars)

7. SHARE CAPITAL

(a) Authorized – Unlimited number of common shares without par value.

(b) Issued and Outstanding

Year ended March 31, 2019

On November 21, 2018, the Company closed a non-brokered private placement financing of 277,000 units at a price of $0.20 per unit for gross proceeds of $55,400. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional share at a price of $0.40 per common share for a period of two years from closing.

In connection with the financing, the Company paid share issuance costs of $12,729 and issued 24,750 broker warrants, as a finder's fee in connection with the financing. Each broker warrant entitles the holder to purchase one additional share at a price of $0.40 per common share for a period of two years from closing. The fair value of these warrants was estimated at $3,508 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 175.3%, risk-free interest rate 2.19% and an expected life of two years.

Year ended March 31, 2018

On April 19, 2017, the Company issued 11,200,000 non flow-through units at $0.025 for gross proceeds of $280,000 and 4,000,000 flow through units at $0.025 per share for gross proceeds of $100,000 pursuant to a private placement. Each non flow-through unit consisted of one common share of the Company and one share purchase warrant exercisable into one additional common share of the Company at an exercise price of $0.05 per share for a period of ten years. Each flow through unit of the Company consisted of one flow through common share of the Company and one share purchase warrant exercisable into one additional non flow-through share of the Company at an exercise price of $0.05 per share for a period of ten years.

In connection with the private placement, the Company paid legal fees of $3,284 which were recorded as share issue costs.

(b) Share purchase warrants

	Number of Warrants	**Weighted Average Exercise Price**
Balance, March 31, 2017	-	$ -
Issued	15,200,000	$0.05
Balance, March 31, 2018	15,200,000	$0.05
Issued	301,750	$0.40
Balance, March 31, 2019	15,501,750	$0.06

(Expressed in Canadian dollars)

7. SHARE CAPITAL (CONTINUED)

At Mach 31, 2019, the Company had 15,501,750 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

Number	Exercise Price	Expiry Date
15,200,000	$0.05	April 19, 2027
301,750	$0.40	November 20, 2020

As at March 31, 2019, the weighted average remaining life of warrants outstanding was 7.93 years.

8. RESERVE

	March 31, 2019	March 31, 2018
	$	$
Balance, beginning of year	-	-
Broker warrants issued for private placement (Note 7)	3,508	-
Balance, end of year	3,508	-

9. RELATED PARTY TRANSACTIONS

Key management personnel compensation

The Company considers key management personnel to be the directors and officers of the Company. During the year ended March 31, 2019, the Company incurred $12,000 (2018: $6,000) in management fees to a director of the Company, for services rendered.

Related party balances

At March 31, 2019, the Company has a balance of $26,000 (March 31, 2018: $14,000) payable to a director.

10. BASIS OF FAIR VALUE

The Company's financial instruments consist of cash, trade payables and related party payables. The carrying value of the Company's financial instruments approximate fair value due to short period of time until maturity.

(Expressed in Canadian dollars)

11. INCOME TAXES

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

	2019	2018
Net loss for the year	$ (162,619)	$ (193,028)
Statutory income tax rate	27%	26%
Income tax benefit computed at statutory tax rate	(43,907)	(50,187)
Permanent differences	14,166	25,964
Effect of renunciation of flow-through expenditures	1,274	26,000
Acquisition of Syd Financial Inc.	-	(23,374)
Change to future income tax rate	(1,256)	-
Share issue costs	(887)	(5,766)
Change in valuation allowance	40,701	27,363
Deferred income tax expense	$ 10,091	$ -

Significant components of the Company's unrecognized deferred tax assets are as follows:

	2019	2018
Non-capital losses	$ 77,779	$ 50,486
Exploration and evaluation assets	(10,091)	(26,000)
Share issue costs	2,750	683
Recapitalization costs	-	4,567
	70,438	29,736
Valuation allowance	(80,529)	(29,736)
Net deferred tax liabilities	$ (10,091)	$ -

No net deferred tax asset has been recognized in respect of the above because the amount of future taxable profit that will be available to realize such assets is not probable.

The Company has non-capital losses of $77,779 available for carry-forward to reduce future years' income for income tax purposes. These losses expire beginning in 2036.

12. SUBSEQUENT EVENT

On April 3, 2019, the Company granted stock options to the executives and directors of the Company to purchase 350,000 common share at a price of $0.12 per share for two years.