

SYD Financial Inc.

Condensed Consolidated Interim Financial Statements June 30, 2019 (Expressed in Canadian Dollars)

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NOTE TO READER

Under National Instrument 51-102, if an auditor has not performed a review of interim financial statements, they must be accompanied by a note indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management. The Company's independent auditor has not performed a review of these interim financial statements.

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

	Note	June 30, 2019 \$	March 31, 2019 \$
ASSETS			
Current assets			
Cash		61,621	85,553
Sales tax recoverable		2,369	1,865
Total current assets		63,990	87,418
Exploration and evaluation asset	4	93,306	93,306
Total assets		157,296	180,724
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	5	47,475	46,157
Related party payables	8	26,000	26,000
Deferred tax liabilities		10,091	10,091
Total liabilities		83,566	82,248
SHAREHOLDERS' EQUITY			
Share capital	6	469,838	469,838
Reserve	7	30,681	3,508
Accumulated deficit		(426,789)	(374,870)
Total shareholders' equity		73,730	98,476
Total liabilities and shareholders' equity		157,296	180,724

Going concern (Note 1)

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

For the Three Months Ended June 30,	Note	2019	2018
		\$	\$
OPERATING EXPENSES			
Consulting		4,463	31,575
Corporate administration		4,004	900
Management fees	8	3,000	3,000
Office and miscellaneous		8,796	12
Professional fees		539	25,767
Stock-based compensation		27,173	-
Transfer agent and filing fees		3,944	3,161
		51,919	64,415
NET LOSS AND COMPREHENSIVE LOSS		(51,919)	(64,415)
LOSS PER SHARE			
Basic and diluted		(0.00)	(0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		17,635,366	17,358,366

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 Of Shares	Share Capital \$	Reserves \$	Deficit \$	Total shareholders' equity \$
Balance, March 31, 2018		17,358,366	430,675	-	(202,160)	228,515
Net loss and comprehensive loss		-	-	-	(64,415)	(64,415)
Balance, June 30, 2018		17,358,366	430,675	-	(266,575)	164,100
Balance, March 31, 2019		17,635,366	469,838	3,508	(374,870)	98,476
Fair value of stock options granted.	6	-	-	27,173	-	27,173
Net loss and comprehensive loss		-	-	-	(51,919)	(51,919)
Balance, June 30, 2019		17,635,366	469,838	30,681	(426,789)	73,730

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 Three Months Ended June 30,	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(51,919)	(64,415)
Items not affecting cash:		
Stock-based compensation	27,173	-
Change in non-cash working capital items:		
Sales tax recoverable	(504)	1,720
Related party payables	-	3,000
Trade payables and accrued liabilities	1,318	40,702
Cash flows used in operating activities	(23,932)	(18,993)
FINANCING ACTIVITIES		
Cash flows provided by financing activities	-	-
INVESTING ACTIVITIES		
Cash flows used in investing activities	-	-
Change in cash during the period	(23,932)	(18,993)
Cash, beginning of period	85,553	194,420
CASH, END OF PERIOD	61,621	175,427

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

SYD Financial Inc.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2019

(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

1. NATURE OF OPERATIONS AND GOING CONCERN

SYD Financial Inc. ("SYD" or the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on February 18, 2015. 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 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 consolidated interim financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. At June 30, 2019, the Company had not yet achieved profitable operations and 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 condensed interim financial statements 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 financial statements for the year ended March 31, 2019, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

SYD Financial Inc.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2019

(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

2. BASIS OF PRESENTATION (CONTINUED)

(b) Approval of the financial statements

The financial statements of the Company for the three months ended June 30, 2019 were reviewed by the Audit Committee and approved and authorized for issue on August 27, 2019 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.

(d) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All intercompany transactions, income and expenses have been eliminated upon consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments

The following table shows the classification of the Company's financial instruments:

Financial asset/ liability	Classification - IFRS 9
Cash	Amortized cost
Trade payables	Amortized cost
Related party payables	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.

SYD Financial Inc.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2019

(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (cont'd)

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.

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.

SYD Financial Inc.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2019

(Expressed in Canadian Dollars)

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

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Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exploration and evaluation assets (cont'd)

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.

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.

Share-based payments

The Company's adopted a stock option plan effective April 3, 2019, whereby options may be granted by the Board to officers, employees and consultants to the Company. The maximum number of stock options issuable has been set at 10% of the then outstanding number of common shares.

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. Where equity instruments are granted to non-employees in connection to the issuance of shares, they are recorded at the fair value of the goods or services received. Such amounts related to the issuance of shares are recorded as a reduction of share capital.

SYD Financial Inc.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as a warrant reserve. Incremental costs directly attributable to the issuance of equity instruments are recorded as reductions to equity, net of tax.

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.

SYD Financial Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars)

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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;
- the valuation of the Company's exploration and evaluation assets and whether or not an impairment has occurred;
- The inputs used in accounting for flow through premiums on flow through share financings, and accounting for warrants issued in connection with share capital transactions; and
- the recoverability and measurement of deferred tax assets.

Recently Adopted Accounting Standards

IFRS 16 Leases

IFRS 16, Leases, the new lease 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 and the new standard was effective for reporting issuers for annual reporting periods beginning on or after January 1, 2019. The Company adopted the new lease standard effective April 1, 2019. The Company applied the modified retrospective adoption approach not requiring any restatement of the comparative period. The Company's analysis for long-term leases in effect at April 1, 2019, did not identify any leases that would require application of the new lease standard. As a result, there was no transitional impact from the adoption of the new standard on the Company's financial statements.

SYD Financial Inc.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2019

(Expressed in Canadian Dollars)

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4. 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*”).

At June 30, 2019 and March 31, 2019, the Company had incurred exploration and acquisition costs on the Pluto Gold Prospect as follows:

	June 30, 2019	Incurred In Period	March 31, 2019
	\$	\$	\$
Acquisition costs:			
Staking costs	6,537	-	6,537
Total acquisition costs	6,537	-	6,537
Exploration expenditures:			
Assay	2,626	-	2,626
Geological	51,763	-	51,763
Renewals	5,552	-	5,552
Tilling and sampling	23,060	-	23,060
Travel and field	3,768	-	3,768
Total exploration expenditures	86,769	-	86,769
Total	93,306	-	93,306

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2019	March 31, 2019
	\$	\$
Trade payables	47,475	46,157
Accrued liabilities	26,000	26,000
Flow-through share related provision	10,091	10,091
Total	83,566	82,248

During the three months ended June 30, 2019, the Company incurred penalty interest of \$209 (2018 - \$0) pertaining to renunciation of flow-through share expenditures.

SYD Financial Inc.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2019

(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

6. SHARE CAPITAL

(a) *Authorized*

Unlimited number of common shares without par value.

(b) *Issued and outstanding*

Three months ended June 30, 2019

There were no shares issued during the three months ended June 30, 2019 or 2018.

(c) *Stock options*

	Number of Options #	Weighted Average Exercise Price \$	Weighted Average Expected Life (years)
Balance, March 31, 2019	-	-	-
Granted	350,000	0.12	2.0
Balance, June 30, 2019	350,000	0.12	1.8

On April 3, 2019, the Company granted 350,000 stock options to directors and consultants. The options are exercisable at \$0.12 per share, vested immediately, and expire April 3, 2021. The options were estimated to have a fair value of \$0.11 per share. The Company uses the Black-Scholes option pricing model to estimate the fair value. The model used the following current assumptions: Volatility 130%, risk-free rate 1.59%, dividend yield 0%, and expected life of 2 years.

Outstanding and exercisable:

Number	Exercise Price	Expiry Date
350,000	\$ 0.12	April 3, 2021

SYD Financial Inc.

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2019

(Expressed in Canadian Dollars)

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6. SHARE CAPITAL (CONTINUED)(d) *Share purchase warrants*

	Number of Warrants #	Weighted Average Exercise Price \$
Balance, March 31, 2018	15,200,000	\$0.05
Issued	301,750	\$0.40
Balance, March 31, 2019 and June 30, 2019	15,501,750	\$0.06

At June 30, 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 June 30, 2019, the weighted average remaining life of warrants outstanding was 7.68 years.

7. RESERVE

Changes to the reserve account during the three-month period are summarized as follows:

	2019 \$	2018 \$
Balance, March 31	3,508	-
Fair value of stock options granted (Note 6)	27,173	-
Balance, June 30	30,681	-

SYD Financial Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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8. RELATED PARTY TRANSACTIONS

Key management personnel compensation

The Company considers key management personnel to be the directors and officers of the Company. During the three-month period ended June 30, 2019, the Company incurred \$3,000 (2018 - \$3,000) in management fees to a director of the Company, for services rendered.

Related party balances

At June 30, 2019, the Company has a balance of \$26,000 (March 31, 2019 - \$26,000) payable to a director.