

SYD Financial Inc.

Condensed Consolidated Interim Financial Statements September 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	September 30, 2019 \$	March 31, 2019 \$
ASSETS			
Current assets			
Cash		3,177	85,553
Accounts receivables		1,087	-
Sales tax recoverable		6,628	1,865
Total current assets		10,892	87,418
Exploration and evaluation asset	4	113,101	93,306
Total assets		123,993	180,724
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	5	106,117	46,157
Related party payables	8	32,000	26,000
Deferred tax liabilities		10,091	10,091
Total liabilities		148,208	82,248
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	6	469,838	469,838
Reserve	7	30,681	3,508
Accumulated deficit		(524,734)	(374,870)
Total shareholders' equity (deficit)		(24,215)	98,476
Total liabilities and shareholders' equity (deficit)		123,993	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

	Note	Three Months Ended September 30,		Six Months Ended September 30,	
		2019 \$	2018 \$	2019 \$	2018 \$
OPERATING EXPENSES					
Consulting		13,315	7,134	17,778	38,709
Corporate administration		1,782	307	5,786	1,207
Interest and finance charges		-	(264)	-	(264)
Management fees	8	3,000	3,000	6,000	6,000
Office and miscellaneous		12,255	166	21,051	178
Professional fees		62,527	5,008	63,066	30,775
Stock-based compensation	6	-	997	27,173	997
Transfer agent and filing fees		5,066	13,148	9,010	16,309
NET LOSS AND COMPREHENSIVE LOSS		97,945	29,496	149,864	93,911
LOSS PER SHARE					
Basic and diluted		(0.01)	(0.00)	(0.01)	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		17,635,366	17,358,366	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 \$	Shares to be Issued \$	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
Subscription funds		-	-	600	-	-	600
Net loss and comprehensive loss		-	-	-	-	(29,496)	(29,496)
Balance, September 30, 2018		17,358,366	430,675	600	-	(296,071)	135,204
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
Net loss and comprehensive loss		-	-	-	-	(97,945)	(97,945)
Balance, September 30, 2019		17,635,366	469,838	-	30,681	(524,734)	(24,215)

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 Six Months Ended September 30,	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(149,864)	(93,911)
Items not affecting cash:		
Stock-based compensation	27,173	-
Change in non-cash working capital items:		
Accounts receivable	(1,087)	-
Sales tax recoverable	(6,628)	2,459
Due to related party	6,000	6,000
Trade payables and accrued liabilities	59,960	(14,538)
Cash flows used in operating activities	(62,581)	(99,990)
FINANCING ACTIVITIES		
Shares to be issued	-	600
Cash flows provided by financing activities	-	600
INVESTING ACTIVITIES		
Additions to exploration and evaluation assets	(19,795)	
Cash flows used in investing activities	(19,795)	-
Change in cash during the period	(82,376)	(99,390)
Cash, beginning of period	85,553	194,420
CASH, END OF PERIOD	3,177	95,030

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SYD Financial Inc.

Notes to the Condensed Consolidated Interim Financial Statements

September 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 September 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

September 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 six months ended September 30, 2019 were reviewed by the Audit Committee and approved and authorized for issue on November 28, 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

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

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4. EXPLORATION AND EVALUATION ASSETS

The Company has acquired the rights, through staking, to 67 mineral claims covering approximately 3,724 hectares located in the Chapais Township, Quebec, collectively known as the Pluto Gold and Base Metals Property (the “*Pluto Gold Prospect*”).

At September 30, 2019 and March 31, 2019, the Company’s exploration and acquisition costs on the Pluto Gold Prospect were as follows:

	September 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	71,558	19,795	51,763
Renewals	5,552	-	5,552
Tilling and sampling	23,060	-	23,060
Travel and field	3,768	-	3,768
Total exploration expenditures	106,564	19,795	86,769
Total	113,101	19,795	93,306

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2019	March 31, 2019
	\$	\$
Trade payables	106,117	46,157
Accrued liabilities	32,000	26,000
Flow-through share related provision	10,091	10,091
Total	148,208	82,248

During the six months ended September 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

September 30, 2019

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Unaudited – Prepared by Management

6. SHARE CAPITAL

(a) *Authorized*

Unlimited number of common shares without par value.

(b) *Issued and outstanding*

Six months ended September 30, 2019

There were no shares issued during the six months ended September 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 and September 30, 2019	350,000	0.12	1.5

On April 3, 2019, the Company granted 350,000 stock options to directors and officers. 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 at the time of grant. The Company uses the Black-Scholes option pricing model to estimate the fair value of stock options. 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

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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 September 30, 2019	15,501,750	\$0.06

At September 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 September 30, 2019, the weighted average remaining life of warrants outstanding was 7.43 years.

7. RESERVE

Changes to the reserve account during the three and six-month periods are summarized as follows:

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

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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 six-month period ended September 30, 2019, the Company incurred \$6,000 (2018 - \$6,000) in management fees to a director of the Company, for services rendered. During the three-month period ended September 30, 2019, the Company incurred \$3,000 (2018 - \$3,000) in management fees with the same party.

Related party balances

At September 30, 2019, the Company has a balance of \$32,000 (March 31, 2019 - \$26,000) payable to a director.

9. SUBSEQUENT EVENTS

On September 6, 2019, and as subsequently amended on October 25, 2019, the Company entered into a definitive business combination agreement with Santa Marta Life Sciences Corp., (“Santa Marta”) a British Columbia company. Santa Marta is cannabis producer operating its business in Colombia, through its wholly owned Colombian subsidiary, to develop cannabis oils and products for the international medical marketplace. Among other customary requirements necessary for closing the transaction on or before January 31, 2020, such as due diligence, shareholder and regulatory approvals, the Company is required to complete a minimum \$6,000,000 non-brokered private placement.

Subsequent to year end, the Company received \$21,000 from demand loans with arms length parties. The loans are unsecured and bear interest at 10% per annum.