

SYD FINANCIAL INC.
MANAGEMENT DISCUSSION & ANALYSIS
For the nine months ended December 31, 2019
(Prepared by Management)

This Management's Discussion and Analysis ("MD&A") is a review of the operations, current financial position and outlook for SYD Financial Inc. ("SYD" or the "Company"). This discussion should be read in conjunction with the Company's condensed consolidated interim financial statements and accompanying notes for the nine months ended December 31, 2019, available through the SEDAR website at www.sedar.com.

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's functional and reporting currency is the Canadian Dollar, unless otherwise stated.

All information contained in this MD&A is current as of March 2, 2020, unless otherwise stated.

Caution Regarding Forward Looking Statements

This MD&A contains forward-looking statements. Forward-looking statements are projections of events, revenues, income, future economic performance or management's plans and objectives for future operations. In some cases, you can identify forward-looking statements by the use of terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. Examples of forward-looking statements made in this MD&A include statements about the Company's business plans; the costs and timing of its developments; its future investments and allocation of capital resources; success of acquiring an asset or business; requirements for additional capital. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including: general economic and business conditions, our lack of operating history; conclusions or economic evaluations; changes in project parameters as plans continue to be refined; failure of any asset or business acquired to operate as anticipated; delays in financing or incompletion of business or asset acquisition, any of which may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements and any assumptions upon which they are based are made in good faith and reflect our current judgment regarding the direction of the Company's business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Except as required by applicable law, including the securities laws of Canada, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

Corporate History

The Company was incorporated under the *Business Corporations Act* (British Columbia) ("BCBCA") on February 18, 2015. The Company's principal business was to identify, evaluate and then acquire an interest in a business or assets. On July 16, 2015, the Company entered into an arrangement agreement (the "Arrangement Agreement") with Alchemist Mining Inc., Chichi Financial Inc. and Alexis Financial Inc. Pursuant to the Arrangement Agreement, the Company

completed a statutory plan of arrangement and became a reporting issuer in the provinces of British Columbia, Alberta, and Ontario.

On July 10, 2017, the Company entered into an acquisition agreement (the “Acquisition Agreement”) with 1109692 B.C. Ltd. (“Numberco”) and the Numberco shareholders. On closing of the Acquisition Agreement on December 13, 2017, the Company acquired all of the outstanding shares and warrants held by the Numberco shareholders and the Numberco warrant holders in consideration for the issuance of common shares (the “Common Shares”) of the Company and warrants to purchase Common Shares of the Company. Numberco became a wholly-owned subsidiary of the Company and the business of Numberco became the business of the Company. Numberco is a mineral exploration company which held an exploration and evaluation stage property located in the Chapais Township, Quebec, known as the Pluto Gold and Base Metals Property (the “Pluto Property”). The Pluto Property claims are now held by the Company.

On June 29, 2018, the Company’s Common Shares were listed on the Canadian Securities Exchange (the “CSE”) under the symbol SYDF. Immediately upon listing, trading of the Common Shares of the Company was halted pending completion of a private placement. On November 21, 2018 the Company closed the private placement. On November 22, 2019 the Common Shares of the Company began trading on the CSE.

The principal business office of the Company is located at 303 - 570 Granville Street, Vancouver, British Columbia, Canada V6C 3P1. The Company’s main contact is its President, Mr. Keith Anderson. The Company’s phone number is 604-786-7774.

The registered office and records of the Company are located at 800-885 West Georgia Street, Vancouver, British Columbia, Canada V6C 3H1.

Business of the Company

The Company is engaged in the acquisition, exploration, and development of the Pluto Property in Quebec Canada, along with continuing to identify and potentially acquire additional property interests and conduct exploration and evaluation thereof to assess their potential. To this end, the Company, holds a 100% undivided interest in the Pluto Property, located in the Dolomieu and Daubrée Townships, Quebec, Canada, consisting of two claim blocks for a total of 58 claims covering approximately 3,223 hectares located in the Chapais Township, Quebec, collectively known as the Pluto Gold and Base Metals Property.

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 a British Columbia based company involved in the growing, production and distribution of cannabis, and hemp products, with an initial focus on Colombia and the European Union markets. On January 30, 2020, the definitive business combination agreement with Santa Marta was terminated.

Pluto Property (Quebec, Canada)

The Pluto Property is situated in the Eeyou Istchee / Baie-James territory of Quebec and is composed of 58 active claims covering an area of approximately 3,223 hectares.

During the period ended December 31, 2019, 47 claims were renewed until May 2021, seven other claims are valid until January 8, 2022 and two are currently under renewal and should expire January 8, 2022 once the renewal process has been confirmed. Two more claims are currently

under renewal and should expire January 22, 2022 when the renewal process is concluded. The remaining claims expired. As of December 31, 2019, exploration work carried out on the Pluto Property is \$106,564.

In 2019, SL Exploration Inc. was hired to conduct an exploration program which included blocs and outcrops sampling over the West Bloc and East Bloc. From September 24, 2019 to September 25, 2019, 37 blocs and outcrops were sampled on the Pluto Property. 36 samples were taken, 24 on the west block and 12 on the west block. Due to the duration of the survey, only a small area on each block could be surveyed.

On the West block, the area surveyed was up ice of the Zone 3 identified by the 2017 Survey. On the East block, the area surveyed was up ice of the Zone 1 identified by the 2017 Survey.

Grab samples were obtained from outcrop and boulders using rock hammers, and chisels where necessary. A representative sample is collected, about a pound in weight or the size of a grapefruit in volume. A single chunk is preferable, but sometime chip is the only recoverable material. If possible, the weathered surface is removed. The same outcrop can be sampled many times if mineralization is visible or inferred, or if different lithologies are presents.

The sample is described in a field book, the outcrop is georeferenced with a brief description of the sample location, GPS coordinates, date, and rock and mineral features and attributes were recorded in a logbook by the sampler. Rock samples were immediately stored in clear plastic sample bags with the corresponding tear-off stub from a sample card book. Sample bags were then secured with a plastic cable tie, labeled with the sample number using a permanent marker, and photographed. Back up records of the GPS coordinates, date, and sampler initials were recorded in the sample card book for each sample. Sample locations were marked in the field by flagging tape labeled with the sample number.

Three soil surveys were conducted on the Property in 2016, 2017 and 2019 with the objective of finding any associated gold or base metal anomalies down ice and in the direct area of the Kapunapotagen shear zone, which is located at the contact between the Allard and Scott Members of the Waconichi Formation. This contact is considered to be favorable to VMS mineralization (Dion, 2009). The surveys allowed the sampling of 83 stations in total and have allowed the interpretation of three possible targets of greater interest on the property that could explain the source of soil anomalies found with the surveys performed.

A heliborne magnetic survey was conducted on the two blocks. E-W magnetic lineaments were defined on the East block and could be associated with mafic volcanic or intrusive rocks. Other areas that are magnetically quieter are rather characteristic of sedimentary and of intermediate to felsic volcanic rocks. The strongest magnetic anomalies and variation are concentrated in the southwestern part of the West block and are likely caused by variable concentrations of magnetite associated to intrusive rocks mapped as granodiorite/syenite by the Ministry of Energy and Natural Resources.

A work report has been produced and deposited at the MERN. SL Exploration has been engaged to handle the Company's 2020 work program.

Overall Performance

The Company is an exploration stage issuer engaged in the business of acquiring, exploring and, if warranted, developing mineral properties. The Company's first and only mineral property is the Pluto Property. The Company has not had any revenues in the past two fiscal years. The

Company does not expect to generate any revenues in the foreseeable future. The Company expects to continue to incur expenses as work is performed to explore its mineral property.

Results of Operations

The Company's operating expenses for the nine months ended December 31, 2019 were \$200,803, compared to \$124,883 for the comparative period ended December 31, 2018. During the nine months ended December 31, 2019, the Company's operating expenditures primarily consisted of general corporate management and consulting fees, inclusive of stock-based compensation, as well expenses associated with public company reporting obligations, including professional fees and office and miscellaneous fees. During the nine-month period, the Company incurred \$27,173 (2018 - \$Nil) of stock-based compensation relating to stock options issued to directors and officers. During the nine months ended December 31, 2019, the majority of the Company's operating expenses related to office and administration fees \$28,901 (2018 - \$645), professional fees of \$83,462 (2018 - \$42,902), consulting fees of \$26,328 (2018 - \$47,259), and transfer agent and filing fees of \$12,837 (2018 - \$19,980).

The Company's operating expenses for the three-month period ended December 31, 2019 were \$50,939, compared to \$30,972 for the comparative period ended December 31, 2018. During the three months ended December 31, 2019, the Company's operating expenditures primarily consisted of consulting fees, as well expenses associated with public company reporting obligations, including professional fees and office and miscellaneous fees. During the three months ended December 31, 2019, the majority of the Company's operating expenses related to office and administration fees \$7,850 (2018 - \$467), professional fees of \$20,396 (2018 - \$12,127), and consulting fees of \$8,550 (2018 - \$8,550).

Summary of Quarterly Financial Results

Results for the eight most recent quarters including the last quarter ended December 31, 2019 are as follows:

For the Quarterly Period ended:	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Total revenues	\$Nil	\$Nil	\$Nil	\$Nil
Net loss for the period	\$(50,939)	\$(97,945)	\$(51,919)	\$(47,827)
Net loss per common share, basic and diluted	\$(0.01)	\$(0.01)	\$(0.00)	\$(0.00)
For the Quarterly Period ended:	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Total revenues	\$Nil	\$Nil	\$Nil	\$Nil
Net loss for the period	(30,972)	(29,496)	(64,415)	(64,005)
Net loss per common share, basic and diluted	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)

Liquidity and Capital Resources

As at December 31, 2019, the Company had a working capital deficit of \$185,435 (March 31, 2019 – working capital of \$5,170), consisting primarily of cash offset by accounts payable and accrued liabilities and loans.

Summary of Results During Prior Quarters

The Company's operating expenses primarily consist of general corporate management and consulting fees, and expenses associated with public company reporting obligations, including legal, accounting and transfer agent and filing fees. The operating expenses during the quarters ended December 31, 2019, September 30, 2019, June 30, 2019, March 31, 2019, December 31, 2018, September 30, 2018, June 30, 2018 and March 31, 2018 consist primarily of management and consulting fees, professional fees and other expenses associated with accounting and reporting obligations. These expenses have gradually increased over the period presented as the Company's business activities have increased.

The net loss during the quarter ended June 30, 2018 consisted largely of professional fees of \$25,767 associated with the listing of the Company's Common Shares on the CSE, as well as consulting fees of \$31,575. The increase in consulting fees during this quarter relate to consultants assisting with the listing process of the Company's Common Shares on the CSE, as well as with financial statements and corporate governance. Additionally, the Company incurred ongoing management and administrative fees and other expenses associated with public company reporting obligations.

The net loss during the quarter ended September 30, 2019 consisted largely of professional fees and consulting fees as the Company continued with the due diligence and activities contemplated under the definitive business combination agreement of Santa Marta.

The net loss during the quarter ended December 31, 2019 consisted largely of professional fees and consulting fees as the Company continued with the due diligence and activities contemplated under the definitive business combination agreement of Santa Marta. On January 30, 2020, the Company announced that it will be continuing the with the definitive business combination agreement.

Future Cash Requirements

As the Company currently does not generate cash flows from operations, the Company expects that it will need to raise additional funds through debt or equity financing. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced, and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's Common Shares. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company or its shareholders.

Going Concern

At present, the Company's operations do not generate cash flow and its financial success is dependent on management's ability to raise adequate financing on reasonable terms and to commence profitable operations in the future. Due to the uncertainty of the Company's ability to meet its current operating and capital expenses, in their report on the Company's annual financial statements for the year ended March 31, 2019, the Company's independent auditors included an

explanatory paragraph regarding concerns about the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets. The Company's financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

Capital Resources

The Company has the following commitments for capital expenditures with respect to its mineral property as of December 31, 2019. The expenditures are optional, and the Company may decide not to incur such payments in the event the Company does not decide to pursue further exploration with respect to these claims:

Pluto Property

The Company holds a 100% undivided interest in the Pluto Property, located in the Dolomieu and Daubree Townships, Quebec, Canada, consisting of 58 claims covering approximately 3,223 hectares, the particulars of which are described above. During the period ended December 31, 2019, 47 claims were renewed until May 2021, seven other claims are valid until January 8, 2022 and two are currently under renewal and should expire January 8, 2022 once the renewal process has been confirmed. Two more claims are currently under renewal and should expire January 22, 2022 when the renewal process is concluded. The remaining claims expired.

The next sequence of expiry will be in May 2021 and will require about \$56,400 in work and \$4,371.75 to renew 47 claims. Work performed in 2018 by SL Exploration Inc. and Prospectair allowed to perform the previous renewal on those claims that are due to expire in May 2021.

Operating Activities

During the nine months ended December 31, 2019, operating expenses used \$82,527 in cash. The use of cash for the nine months ended December 31, 2019 was primarily attributable to the Company's net loss of \$200,803, offset by trade payables and accrued liabilities of \$81,378 and stock-based compensation of \$27,173.

During the nine months ended December 31, 2018, operating expenses used \$135,472 in cash. The use of cash for the nine months ended December 31, 2019 was primarily attributable to the Company's net loss of \$124,883, and by trade payables and accrued liabilities of \$20,824.

Financing Activities

During the nine months ended December 31, 2019, the Company was provided \$25,400 in financing activities through loans. During the nine months ended December 31, 2018, the Company was provided \$50,450 in financing activities through the issuance of share, offset by share issuance costs of \$4,950.

Investing Activities

During the nine months ended December 31, 2019, the Company used \$19,795 in investing activities to fund the exploration and evaluation of the Pluto Property. During the nine months ended December 31, 2018, the Company did not conduct any investing activities and thus did not have any cash provided or used in investing activities.

Off-Balance Sheet Arrangements

The Company did not enter into any off-balance sheet arrangements as at December 31, 2019 or as of the date of this report.

Related Party Transactions

Current directors and officers of the Company are as follows:

Keith Anderson, President, CEO, Secretary and Director

Gurcham Singh Deol, CFO

Spencer Smyl, Director

Mario Pezzente, Director

During the nine months ended December 31, 2019, the Company incurred \$9,000 (2018: \$9,000) in management fees to a director of the Company, for services rendered. These transactions were measured at the exchange amount, which is the amount agreed upon by the parties.

At December 31, 2019, there was a balance of \$35,000 (March 31, 2019: \$26,000) owed to a director for unpaid management fees.

Proposed Transactions

As of the date of this Report, there were no proposed Transactions.

Commitments

At December 31, 2019, and the date of this MD&A, the Company has no commitments.

Accounting Standards, Amendments and Interpretations not yet Effective

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.

Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's financial statements.

Financial and Other Instruments

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, and related party payables. The carrying values of these financial instruments approximate their fair values, unless otherwise noted. The Company is exposed to credit risk and liquidity risk in respect of these financial instruments, as follows:

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 with organizations of high credit worthiness. The Company has minimal credit risk. The Company has credit risk with respect to the promissory note receivable.

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 December 31, 2019, the Company has cash of \$8,631 and other current assets of \$3,690 available to apply against short-term business requirements and current liabilities of \$198,026.

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.

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.

Other MD&A Requirements

Additional Disclosure for Venture Issuers without Significant Revenue

During the nine months ended December 31, 2019 and 2018, the Company incurred the following expenses:

	2019	2018
Operating expenses	\$200,803	\$124,883

Please refer to Note 4 in the consolidated financial statements for the nine months ended December 31, 2019 for a more detailed description of the capitalized acquisition and exploration costs.

Disclosure of Outstanding Share Data

As of December 31, 2019, and March 2, 2020, the Company had 17,635,366 Common Shares issued and outstanding.

As of December 31, 2019, and March 2, 2020, the Company had 15,501,750 Common Share purchase warrants outstanding. There are 15,200,000 Common Share purchase warrants entitling holders to purchase one Common Share at a price of \$0.05 per Common Share until April 19, 2027 and 301,750 warrants entitling holders to purchase one Common Share at a price of \$0.40 per Common Share until November 20, 2020.

As of December 31, 2019, and March 2, 2020 the Company had 350,000 stock options outstanding, entitling the holder to purchase one Common Share at \$0.12 on or before April 3, 2021.

Risks and Uncertainties

The Company believes that the following risks and uncertainties may materially affect its success.

Limited Operating History

The Company is a relatively new company with limited operating history and no history of business operations or revenue generation. The Company was incorporated on February 18, 2015 and has yet to generate a profit from its activities. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its objective of acquiring a business or an asset.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the acquisition of a business or an asset will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities. To meet such funding requirements, the Company will be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all.

Competition

The Company will compete with other companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of assets and businesses, as well as for the recruitment and retention of qualified employees and other personnel.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon on the performance of the directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers, or other qualified personnel required to operate its business.

Failure to do so could have a material adverse effect on the Company and its prospects.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

No Assurance that Proposed Transactions will be Completed

Completion of the proposed business combination with SMLS remains subject to a number of conditions, including, but not limited to, due diligence, receipt of the requisite approvals from the directors of the Company, satisfaction of standard closing conditions for a transaction of this nature, and regulatory approval. There can be no assurance that the proposed transaction will be completed as proposed or at all.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

Additional Information

Additional information related to the Company is available on SEDAR at www.sedar.com.