



Unaudited Condensed Consolidated Financial Statements

June 30, 2017

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
CONDENSED INTERIM STATEMENTS OF CASH FLOW
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

MIDASCO CAPITAL CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

Expressed in Canadian Dollars

	Note	Period ended June 30, 2017	Year ended December 31, 2016
ASSETS		\$	\$
Current assets			
Cash		99,832	5,960
Other receivables		-	1,192
TOTAL ASSETS		99,832	7,152
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		79,646	97,308
Due to related parties	6	10,500	8,855
		90,146	106,163
SHAREHOLDERS' DEFICIT			
Share capital	5	13,806,021	13,668,521
Reserves	5	1,838,157	1,838,157
Accumulated deficit		(15,634,492)	(15,605,689)
		9,686	(99,011)
TOTAL LIABILITIES & SHAREHOLDERS' DEFICIT		99,832	7,152

The accompanying notes are integral to these interim financial statements.

Nature and continuance of operations (Note 1)

Contingencies (Note 5)

Approved on Behalf of the Board of Directors:

/s/ William Pettigrew

Director

/s/ Ryan Cheung

Director

MIDASCO CAPITAL CORP.
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
Expressed in Canadian Dollars

	Share Capital		Reserves			Accumulated Deficit	Total
	Number of Shares	Amount	Equity settled benefits	Warrants	Other		
		\$	\$	\$		\$	\$
Balance December 31, 2015	7,720,632	13,668,521	1,445,965	292,192	100,000	(15,512,571)	(5,893)
Loss for the period	-	-	-	-	-	(33,336)	(33,336)
Balance, June 30, 2016	7,720,632	13,459,190	1,445,965	292,192	100,000	(15,545,907)	(39,229)
Balance, December 31, 2016	7,720,632	13,668,521	1,445,965	292,192	100,000	(15,605,689)	(99,011)
Private placement	2,500,000	137,500	-	-	-	-	137,500
Loss for the year	-	-	-	-	-	(28,803)	(28,803)
Balance, June 30, 2017	10,220,632	13,806,021	1,445,965	292,192	100,000	(15,634,492)	9,686

The accompanying notes are integral to these interim financial statements.

MIDASCO CAPITAL CORP.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

Expressed in Canadian Dollars

		Three Months Ended June 30		Six Months Ended June 30	
	Note	2017	2016	2017	2016
		\$	\$	\$	\$
EXPENSES					
Consulting and management fees	6	8,244	1,707	8,244	11,707
Investor relations		264	1,729	1,044	1,729
Office and general		1,098	687	1,753	747
Professional fees		3,000	1,140	8,000	9,315
Transfer agent and filing fees		4,337	611	6,303	9,838
Travel and promotion		3,459	-	3,459	-
		(20,399)	(5,874)	(28,803)	(34,336)
TOTAL COMPREHENSIVE INCOME (LOSS)					
		(20,399)	(5,874)	(28,803)	(34,336)
Weighted Average Number of Shares Outstanding					
		9,506,344	7,720,632	8,618,422	7,720,632
Basic and Diluted Earnings (Loss) Per Share					
		(0.00)	(0.00)	(0.00)	(0.00)

The accompanying notes are integral to these interim financial statements.

MIDASCO CAPITAL CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOW
Expressed in Canadian Dollars

	For the Six Months Ended	
	June 30	
	2017	2016
	\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Income (loss) for the year	(28,803)	(33,336)
Items not involving cash:		
Gain on debt settlement	-	-
Changes in non-cash working capital items:		
Other receivables	1,192	(403)
Prepaid expenses	-	10,000
Accounts payable and accrued liabilities	(16,016)	(5,771)
Due to related parties	-	-
	<u>(43,627)</u>	<u>(29,510)</u>
CASH FLOWS FROM IN FINANCING ACTIVITIES		
Gross proceeds from private placement	137,500	-
Share issuance costs	-	-
	<u>137,500</u>	<u>-</u>
Net increase (decrease) in cash	93,873	(29,510)
Cash, beginning of the year	99,833	31,402
Cash, end of the year	6,234	1,892

The accompanying notes are integral to these interim financial statements.

1. NATURE OF OPERATIONS

Midasco Capital Corp. is a Canadian resident company listed on the NEX board of the TSX Venture Exchange and trades under the symbol MGC.H. The Company's head office is at 12216 Boundary Drive North, Surrey, B.C., Canada.

The financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will continue its operations and will be able to realize the carrying value of its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business is dependent upon successful resolution of the legal issues regarding the Bolivar property, the continued financial support from related parties and the ability of the Company to raise equity financing to continue operations. These uncertainties may cast significant doubt on the ability of the Company to continue operations as a going concern. The financial statements do not reflect adjustments to the carrying values of assets, liabilities or reported results should the Company be unable to continue as a going concern. Different bases of measurement may be appropriate if the Company were not expected to continue operations for the foreseeable future.

The Company will seek additional financing through related party loans and equity raises. As at June 30, 2017, the Company had a working capital of \$9,686 (2016 – \$99,011 deficit) and accumulated losses of \$15,634,492 (2016 - \$15,605,689).

2. BASIS OF PRESENTATION

Statement of compliance with International Financial Reporting Standards

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

The financial statements were authorized for issue by the Board of Directors on August 14, 2017.

Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

Accounting standards issued but not yet effective:

IFRS 9 "Financial Instruments" is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact this new standard will have on its 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.

MIDASCO CAPITAL CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
JUNE 30, 2017
Expressed in Canadian Dollars

3. PROPOSED ACQUISITION OF SOFTAC SYSTEMS LTD.

On October 2, 2015, as amended January 11, 2016, the Company entered into an LOI with SOFTAC to complete a COB through a business combination whereby the Company, subject to certain conditions and regulatory approval, would acquire all the issued and outstanding shares of SOFTAC. This LOI was terminated on May 9, 2016 as the Company and Softac were unable to enter into a definitive agreement. The Company incurred \$54,140 in business investigation fees relating to this transaction for the year ended December 31, 2016.

4. FINANCIAL RISK AND CAPITAL MANAGEMENT

Classification of financial instruments

	Ref.	June 30, 2017	December 31, 2016
		\$	\$
FVTPL financial asset	a	99,832	7,152
Other financial liabilities	b	90,146	106,163

a. Comprises cash and sales tax receivable.

b. Comprises accounts payable, accrued liabilities and due to related parties.

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Management of Industry and Financial Risk

The Company is engaged primarily in mineral exploration and managed related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its prior operations.

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash and other receivables. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies. Other receivables comprise refundable sales tax credits from the Canadian federal government.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. Liquidity risk has not been assessed as high.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not have any direct exposure to foreign exchange risk.

Interest Rate Risk

MIDASCO CAPITAL CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
JUNE 30, 2017

Expressed in Canadian Dollars

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, net of cash and cash equivalents. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

5. SHARE CAPITAL AND RESERVES

Share Capital

Authorized share capital of the Company consists of an unlimited number of fully paid common shares without par value.

For period ended June 30, 2017

On April 27, 2017, the Company closed a private placement of 2,500,000 units at the price of \$0.055 per unit for gross proceeds of \$137,500. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.07 per share for a period of one year from the date of closing.

For year ended December 31, 2016

There was no share activity during this year.

Stock Options

The Company has a fixed stock option plan, approved by the Board of Directors and by the shareholders at the annual general meeting held on May 8, 2009, that allows the Company to grant incentive stock options to its directors, officers, employees and consultants. Under the stock option plan, the number of shares reserved for issuance cannot exceed 681,955 common shares. The exercise price, term (not to exceed ten years) and vesting provisions are authorized by the Board of Directors at the time of the grant. Stock options granted are subject to various vesting terms. There were no stock options outstanding at June 30, 2017 and December 31, 2016.

Warrants

As at June 30, 2017, the Company had 2,500,000 warrants outstanding with an exercise price of \$0.07 per share expiring April 27, 2018.

6. RELATED PARTY TRANSACTIONS

The value of transactions and outstanding balances relating to key officers and directors and entities over which they have control or significant influence were as follows:

As at June 30, 2017, \$7,500 (2016 - \$8,055) is due to EINRA Capital Corp. a private company controlled by a director. EINRA Capital Corp. charged \$7,500 in consulting to the Company for the six months ended June 30, 2017.

MIDASCO CAPITAL CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
JUNE 30, 2017
Expressed in Canadian Dollars

As at June 30, 2017, \$3,000 (2016 - \$NIL) is due to Midland Management Ltd., a private company controlled by a director for the consulting fees charged to the Company for the six months ended June 30, 2017.

Amounts due to related parties are unsecured, non-interest bearing and without specified repayment terms.