

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED JUNE 30, 2017

(All amounts expressed in Canadian dollars, unless otherwise stated)

This management's discussion and analysis ("MD&A") of the operating results and financial position of Midasco Capital Corp. (the "Company") is for the six-month period ended June 30, 2017 compared with the six-month period ended June 30, 2016. Together with the December 31, 2016 audited consolidated financial statements and related notes, the MD&A provides a detailed account and analysis of the Company's financial and operating performance for the year. The Company's functional and reporting currency is the Canadian dollar. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Refer to Note 2 and 3 of the aforementioned financial statements for disclosure of the Company's significant accounting policies.

This MD&A is dated as at August 14, 2017.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements that involve risks and uncertainties. The forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Company and other factors.

Other risks facing the Company include the failure to transfer title to its mineral property in Colombia, competition which can either increase costs or reduce the number of attractive opportunities; reliance on third parties, including consultants; statutory and regulatory requirements and uncertainty of additional financing.

Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward looking statements. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.

BACKGROUND

The Company was incorporated in Ontario on May 16, 1991 under the name of "MH Resources Inc.". On May 9, 1995, the Company changed its name to Midasco Gold Corp. and on July 30, 2001 changed its name to Midasco Capital Corp. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol "MGC". The Company is engaged primarily in the acquisition, exploration and evaluation of mineral properties. In April 2014, the Board of Directors approved the reorganization of the Company by re-evaluating its current resource assets and pursuing new opportunities in other industry sectors, resulting in a proposed change of business as referenced below.

TERMINATION OF AQUISITION OF SOFTAC SYSTEMS LTD. AND CHANGE OF BUSINESS

In 2016, the Company terminated the letter of intent ("LOI") it had entered into with SOFTAC Systems Ltd. ("SOFTAC") in 2015 pursuant to complete a change of business through a business combination whereby the Company, subject to certain conditions and regulatory approval, would acquire all the issued and outstanding shares of SOFTAC. The Company and SOFTAC were unable to enter into a definitive agreement as set out in the LOI.

The Company remains as a resource based company and voluntarily agreed to move to the NEX board of the TSX Venture Exchange until such time that it can meet the minimum listing requirements of the TSX-V Tier 2. The trading symbol of the company is MGC.H.

LIQUIDITY AND CAPITAL RESOURCES

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).

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 consisted 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.

The financial statements have been prepared in accordance with IFRS applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the six-months ended June 30, 2017, the Company had a net loss of \$28,803 (2016 –\$34,336). The continuation of the Company as a going concern is dependent on its ability to obtain necessary equity financing for general and administrative expenses and to develop its mineral property or acquire additional assets.

The Company's cash resources are not sufficient to meet its working capital requirements for the next twelve months. Additional equity financing will be required to meet on-going operating expenses and review new investment opportunities.

There is no guarantee that management will be successful in securing future equity financings due to current market conditions.

OUTSTANDING SHARE DATA

The following share capital data is current as of date of this MD&A:

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	Balance
Shares issued and outstanding	10,220,632
Warrants	2,500,000
Fully Diluted	12,720,632

RESULTS OF OPERATIONS

Three Months ended June 30, 2017

The Company had net loss of \$20,399 for the three months ended June 30, 2017, compared to a net loss \$5,7874 in the previous comparable quarter. The Company incurred consulting fees, professional and travel expenses related to seeking new projects during the three month period which did not occur in the prior three month period.

Six Months ended June 30, 2017

The Company had net loss of \$28,803 for the six months ended June 30, 2017, compared to a net loss \$34,336 in the previous comparable quarter. The Company incurred non-recurring business investigation expenses and increased professional expenses relating to the proposed SOFTAC transaction. Consulting fees overall for the six-month period was reduced in the current year.

SELECTED QUARTERLY FINANCIAL INFORMATION

	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30
	2017	2017	2016	2016	2016	2016	2015	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Financial results:								
Income (loss)	(20,399)	(8,404)	(54,903)	(5,875)	(27,462)	(4,878)	(12,488)	(6,898)
Basic earnings (loss) per share	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

FINANCIAL INSTRUMENTS

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 manages 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 current 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

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.

CHANGES IN ACCOUNTING POLICIES

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.

IFRS 16 "Leases" replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15. The Company has not yet assessed the future impact of this new standard 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.

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 (Bill Pettigrew). EINRA Capital Corp. charged \$7,500 in consulting fees to the Company for the six months ended June 30, 2017.

As at June 30, 2017, \$3,000 (2016 - \$NIL) is due to Midland Management Ltd. a private company controlled by a director (Ryan Cheung) for consultings 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.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not currently have any off-balance sheet arrangements.

ADDITIONAL INFORMATION

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