

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

(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 year ended December 31, 2016. Together with the annual 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 MD&A should be read in conjunction with the audited financial statements of the Company and related notes for the year ended December 31, 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Refer to Note 2 and 3 of the December 31, 2016 consolidated financial statements for disclosure of the Company's significant accounting policies.

This MD&A is dated as at April 27, 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

On October 2, 2015, as amended January 11, 2016, the Company entered into a letter of intent ("LOI") with SOFTAC Systems Ltd. ("SOFTAC") to complete a change of business ("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.

On May 9, 2016 an announcement was made that the Company and SOFTAC were unable to enter into a definitive agreement as set out in the LOI. As a result, neither SOFTAC nor the Company have any further obligations under the LOI and the Company will no longer pursue the acquisition of SOFTAC and the COB.

The Company will remain as a resource based company and has 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 new symbol of the company is now MGC.H.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2016, the Company had a working capital deficit of \$99,011 (December 31, 2015 – (\$5,894)) including cash and cash equivalents of \$5,960 (December 31, 2015 - \$31,402).

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 year ended December 31, 2016, the Company had a net loss of \$93,118 (December 31, 2015 –\$35,612 profit). 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:

	Balance
Shares issued and outstanding	7,720,632
Fully Diluted	7,720,632

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RESULTS OF OPERATIONS

Three Months ended December 31, 2016

The Company had net loss of \$54,903 for the three months ended December 31, 2016, compared to a net loss \$12,488 in the previous comparable quarter. The Company incurred non-recurring business investigation expenses and increased professional expenses relating to the proposed SOFTAC transaction which are not expected to occur again in the future. In 2015, the Company settled debts to realize a significant non-recurring gain on settlement of debt.

Twelve Months ended December 31, 2016

The Company had net loss of \$93,118 for the year ended December 31, 2016, compared to a net profit \$35,612 in the previous comparable year. The Company incurred non-recurring business investigation expenses and increased professional expenses relating to the proposed SOFTAC transaction which are not expected to occur again in the future. In 2015, the Company settled debts to realize a significant non-recurring gain on settlement of debt.

SELECTED QUARTERLY FINANCIAL INFORMATION

	Dec. 31 2016	Sep. 30 2016	Jun. 30 2016	Mar. 31 2016	Dec. 31 2015	Sep. 30 2015	Jun. 30 2015	Mar. 31 2015
	\$	\$	\$	\$	\$	\$	\$	\$
Financial results:								
Income (loss)	(54,903)	(5,875)	(27,462)	(4,878)	(12,488)	(6,898)	(12,551)	(2,322)
Basic earnings (loss) per share	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

SELECTED ANNUAL INFORMATION

The following is a summary of the results of the financial operations of the Company for the year ended December 31, 2016, and for the years ended December 31, 2015 and December 31, 2014.

	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Net profit (loss)	(93,118)	35,612	(39,895)
Earnings (loss) per share (basic and diluted)	(0.01)	0.01	(0.01)
Working Capital (Deficiency)	(99,011)	(5,894)	250,837
Total Assets	7,152	48,578	6,392
Total Long-Term Financial Liabilities	-	-	-

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FINANCIAL INSTRUMENTS

Classification of financial instruments

	Ref.	December 31, 2016	December 31, 2015
		\$	\$
FVTPL financial asset	a	7,152	35,864
Other financial liabilities	b	106,163	54,471

a. Comprises cash, prepaid expenses, 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.

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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 December 31, 2016, \$8,855 is due to EINRA Capital Corp. a private company controlled by a director (Bill Pettigrew) and is included in the current liabilities. As at December 31, 2016, \$NIL (December 31, 2015 - \$4,000) is due from AMI Resources Inc., a company with two common directors, for legal fees paid for AMI Resources Inc.

During the year ended December 31, 2015, \$202,162 of related party debt was settled through the issuance of 1,010,805 shares with a fair value of \$101,081, resulting in a gain of \$101,081.

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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.