



Unaudited Condensed Consolidated Financial Statements

September 30, 2019

**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	September 30, 2019	December 31, 2018
ASSETS		\$	\$
Current assets			
Cash		82,377	102,881
Sales tax receivable		1,679	-
TOTAL ASSETS		85,054	102,881
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		18,338	24,339
Due to related parties	5	107,000	75,500
		125,338	99,839
SHAREHOLDERS' EQUITY (DEFICIT)			
Share capital	4	13,949,715	13,949,715
Reserves	4	1,838,157	1,838,157
Accumulated deficit		(15,829,156)	(15,784,830)
		(42,284)	3,042
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY (DEFICIT)		84,054	102,881

Nature and continuance of operations (Note 1)

Approved on Behalf of the Board of Directors:

/s/ William Pettigrew

Director

/s/ Ryan Cheung

Director

The accompanying notes are integral to these interim financial statements.

MIDASCO CAPITAL CORP.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
Expressed in Canadian Dollars

	Share Capital		Reserves			Accumulated Deficit	Total	
	Note	Number of Shares	Amount \$	Equity settled benefits \$	Warrants \$			Other
Balance, December 31, 2017		10,220,632	13,806,021	1,445,965	292,192	100,000	(15,686,325)	(42,147)
Warrant exercises		2,052,728	143,694	-	-	-	-	143,694
Loss for the period		-	-	-	-	-	(60,923)	(60,923)
Balance, September 30, 2018		12,273,360	13,949,715	1,445,965	292,192	100,000	(15,747,248)	40,624
Balance, December 31, 2018		12,273,360	13,949,715	1,445,965	292,192	100,000	(15,784,830)	3,042
Loss for the period		-	-	-	-	-	(44,326)	(44,326)
Balance, September 30, 2019		12,273,360	13,949,715	1,445,965	292,192	100,000	(15,829,156)	(41,284)

The accompanying notes are integral to these interim financial statements.

MIDASCO CAPITAL CORP.
STATEMENTS OF COMPREHENSIVE LOSS

Expressed in Canadian Dollars

		For the three months ended		For the nine months ended	
	Note	September 30,		September 30,	
		2019	2018	2019	2018
		\$	\$	\$	\$
EXPENSES					
Consulting and management fees	5	19,500	13,250	45,000	45,000
Investor relations		788	1,314	3,021	3,429
Office and general		1,317	988	12,731	2,830
Professional fees	5	3,000	3,000	9,000	(1,017)
Transfer agent and filing fees		(822)	2,666	5,623	10,578
Travel and promotion		170	13,250	1,416	103
Cost recovery		-	-	(32,465)	-
TOTAL COMPREHENSIVE INCOME (LOSS)		(23,953)	(21,218)	(44,326)	(60,923)
Weighted Average Number of Shares					
Outstanding		12,273,360	12,273,360	12,273,360	11,401,139
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.
STATEMENTS OF CASH FLOW
Expressed in Canadian Dollars

	For the nine months ended	
	September 30,	
	2019	2018
	\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the period	(44,326)	(60,923)
Changes in non-cash working capital items:		
Other receivables	(1,680)	-
Due to related parties	31,500	-
Accounts payable and accrued liabilities	(5,998)	(53,591)
	(20,504)	(114,514)
CASH FLOWS FROM IN FINANCING ACTIVITIES		
Proceeds from warrant exercises	-	143,694
Proceeds from private placement	-	-
	-	143,694
Net increase in cash	(20,504)	29,180
Cash, beginning of the period	102,881	85,353
Cash, end of the period.	82,377	114,533

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, British Columbia, 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 continued financial support from related parties, the ability of the Company to raise equity financing to continue operations, and successfully identifying a new business opportunity for the Company. 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.

On April 25, 2019, the Company entered into a binding letter of intent (the "LOI") with an established California-based cannabis company, OutCo Labs Inc. ("OutCo"). The LOI proposed terms and conditions, pursuant to which, subject to regulatory approval, the Company and OutCo would affect a business combination that will result in a reverse takeover of the Company by the security holders of OutCo. Upon signing of the LOI, OutCo paid to Midasco \$25,000 USD as a non-refundable deposit and in the event either party terminates this LOI, a break fee of \$50,000 will become payable to the other party subject to the terms of the LOI.

On August 13th, 2019 the Company issued a news release announcing that the April 25th, 2019 binding letter of intent has been terminated by Outco who breached certain binding standstill terms of the LOI by signing a non-disclosure agreement and actively negotiating a term sheet with a third party. Midasco has requested that Outco forward to Midasco the \$50,000 break fee. To date Midasco has not received the break fee.

The Company will seek additional financing through related party loans and equity raises. As at September 30, 2019, the Company had working capital deficit of \$44,284 (2018 – \$3,042) and accumulated losses of \$15,829,156 (2018 - \$15,784,830).

2. BASIS OF PRESENTATION

Statement of compliance with International Financial Reporting Standards

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB. The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of November 20, 2019, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2018, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2019 could result in restatement of these unaudited condensed consolidated interim financial statements.

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:

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.

3. FINANCIAL RISK AND CAPITAL MANAGEMENT

Management of Industry and Financial Risk

The Company was engaged primarily in mineral exploration and managed related industry risk issues directly. The Company is currently inactive and seeking new business opportunities. 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 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.

4. 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 the period ended September 30, 2019

There was no share capital activity during this period.

For the year ended December 31, 2018

On April 26, 2018, 2,052,728 share purchase warrants were exercised for gross proceeds of \$143,694.

Stock Options

Under TSX Venture NEX policies the Company has reserved for issuance 1,227,336 common shares as incentive stock options available for issuance to directors and employees of the Company. The exercise price, term and vesting provisions are authorized by the Board of Directors at the time of the grant. There were no stock options outstanding at September 30, 2019 and December 31, 2018.

Warrants

As at December 31, 2017, the Company had 2,500,000 warrants outstanding with an exercise price of \$0.07 per share expiring April 27, 2018. On April 26, 2018, 2,052,728 share purchase warrants were exercised while the remaining warrants 447,272 share purchase warrants expired on April 27, 2018.

Equity settled benefits and warrant reserve

Equity settled benefits reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount remains in reserves. Warrant reserve records the value of warrants until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the warrants expire unexercised, the amount remains in reserves.

5. 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 September 30, 2019, \$61,000 (2018 - \$44,500) is due to EINRA Capital Corp. a private company controlled by a director; this balance is included in amounts due to related parties. EINRA Capital Corp. charged \$36,000 (2018 - \$7,500) in consulting and administrative expenses (2018 - \$22,500) to the Company during the period.

As at September 30, 2019, \$19,000 (2018 - \$13,000) is due to Midland Management Ltd., a private company controlled by a director for consulting and professional fees charged to the Company; this balance is included in amounts due to related parties. Midland Management Ltd. charged \$9,000 (2018 - \$10,000) in consulting and professional fees during the period.

MIDASCO CAPITAL CORP.
NOTES TO INTERIM FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2019
Expressed in Canadian Dollars

As at September 30, 2019, \$27,000 (2018 - \$18,000) is due to a director of the Company for consulting fees charged to the Company; this balance is included in amounts due to related parties. Consulting fees of \$9,000 (2018 - \$9,000) were charged during the period.

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