



Financial Statements

December 31, 2021

INDEPENDENT AUDITOR'S REPORT

STATEMENTS OF FINANCIAL POSITION

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)

STATEMENTS OF COMPREHENSIVE LOSS

STATEMENTS OF CASH FLOWS



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Midasco Capital Corp.

Opinion

We have audited the financial statements of Midasco Capital Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statement of changes in shareholders' equity (deficit), comprehensive loss and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes matters and conditions, that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Rakesh Patel.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 5, 2022



An independent firm
associated with Moore
Global Network Limited

MIDASCO CAPITAL CORP.
STATEMENTS OF FINANCIAL POSITION

Expressed in Canadian Dollars

	Note	December 31, 2021	December 31, 2020
ASSETS		\$	\$
Current assets			
Cash		182,677	21,063
Sales tax receivable		1,785	177
Prepaid expense		346	-
TOTAL ASSETS		184,808	21,240
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		5,013	33,419
Due to related parties	5	345	152,500
		5,358	185,919
SHAREHOLDERS' EQUITY (DEFICIT)			
Share capital	4	14,367,866	13,949,715
Reserves	4	1,838,157	1,838,157
Accumulated deficit		(16,026,573)	(15,952,551)
		179,450	(164,679)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY (DEFICIT)		184,808	21,240

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 financial statements.

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

	Note	Share Capital		Reserves			Accumulated Deficit	Total
		Number of Shares	Amount	Equity settled benefits	Warrants	Other		
			\$	\$	\$	\$	\$	
Balance, December 31, 2019		12,273,360	13,949,715	1,445,965	292,192	100,000	(15,860,571)	(72,699)
Loss for the year		-	-	-	-	-	(91,980)	(91,980)
Balance, December 31, 2020		12,273,360	13,949,715	1,445,965	292,192	100,000	(15,952,551)	(164,679)
Balance, December 31, 2020		12,273,360	13,949,715	1,445,965	292,192	100,000	(15,952,551)	(164,679)
Private placement	4	2,500,000	250,000	-	-	-	-	250,000
Shares issued for debt	4	1,695,000	186,450	-	-	-	-	186,450
Share issuance cost	4	-	(18,299)	-	-	-	-	(18,299)
Loss for the year		-	-	-	-	-	(74,022)	(74,022)
Balance, December 31, 2021		16,468,360	14,367,866	1,445,965	292,192	100,000	16,026,573	179,450

The accompanying notes are integral to these financial statements.

MIDASCO CAPITAL CORP.
STATEMENTS OF COMPREHENSIVE LOSS
Expressed in Canadian Dollars

		For the year ended December 31	
	Note	2021	2020
		\$	\$
EXPENSES			
Consulting fees	5	7,750	34,500
Office and general	5	13,392	26,417
Professional fees	5	19,079	18,800
Transfer agent and filing fees		16,851	10,802
Travel and promotion		-	1,461
		(57,072)	(91,980)
OTHER ITEMS			
Loss on settlement of debts	4	(16,950)	-
NET LOSS AND COMPREHENSIVE LOSS		(74,022)	(91,980)
Weighted Average Number of Shares Outstanding			
		13,478,497	12,273,360
Basic and diluted loss per share		(0.01)	(0.01)

The accompanying notes are integral to these financial statements.

MIDASCO CAPITAL CORP.
STATEMENTS OF CASH FLOWS
Expressed in Canadian Dollars

	For the year ended December 31	
	2021	2020
	\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the year	(74,022)	(91,980)
Changes in non-cash working capital items:		
Loss on settlement of debt	16,950	-
Other receivables	(1,608)	1,441
Prepaid expense	(346)	-
Due to related parties	12,345	48,000
Accounts payable and accrued liabilities	(23,406)	79
	<u>(70,087)</u>	<u>(42,460)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share, net of share issuance costs	231,701	-
	<u>231,701</u>	<u>-</u>
Change in cash	161,614	(42,460)
Cash, beginning of the year	21,063	63,523
Cash, end of the year	182,677	21,063

The accompanying notes are integral to these financial statements.

MIDASCO CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
Expressed in Canadian Dollars

1. NATURE OF OPERATIONS

Midasco Capital Corp. (“Midasco” or the “Company”) 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 605-815 Hornby Street, Vancouver, 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. Such adjustments could be material.

The Company will seek additional financing through related party loans and equity raises. As at December 31, 2021, the Company had a working capital of \$179,450 and accumulated losses of \$16,026,573.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the pandemic’s impact on its business, results of operations, financial position and cash flows in the future.

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 April 5, 2022

2. BASIS OF PRESENTATION (continued)

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.

Use of estimates and judgments

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is risk of material adjustments to assets and liabilities in future accounting periods include estimates of the recoverability and measurement of deferred tax assets, and contingent liabilities.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include the classification of financial instruments and the going concern basis of accounting.

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 sales tax 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. Sales tax 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.

3. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

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.

See Note 7.

For the year ended December 31, 2021

On May 11, 2021, the Company completed private placement of 2,500,000 Units at a price of \$0.10 per Unit for gross proceeds of \$250,000. Each Unit consisted of one common share of the Company and one share purchase warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.15 until May 11, 2022, subject to an acceleration right that allows the Company to give notice of an earlier expiry date if the Company's share price on the TSX Venture Exchange is equal to or greater than \$0.40 for a period of 10 consecutive trading days.

On May 20, 2021, the Company completed debt settlements with various directors, officers and creditor's of the Company totaling \$169,500 in exchange for 1,695,000 common shares of the Company. The shares issued has an aggregate fair value of \$186,450, resulting in a loss on settlement of \$16,950. Among the shares issued, 1,645,000 were issued to officers and a company controlled by the officers to settle related party payables of \$164,500.

The Company incurred share issuance costs of \$18,299 related to the private placement and debt settlements.

For the year ended December 31, 2020

There was no share capital activity during this year.

MIDASCO CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
Expressed in Canadian Dollars

4. SHARE CAPITAL AND RESERVES (continued)

Stock Options

Under TSX Venture Exchange 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 December 31, 2021 and December 31, 2020.

Warrants

There are 2,500,000 share purchase warrants exercisable at \$0.15 until May 11, 2022 with a remaining life of 0.36 years.

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

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. The Company has identified its directors and officers as its key management personnel and these related parties have incurred the following expenses:

	December 31, 2021	December 31, 2020
	\$	\$
Office and general	7,250	18,000
Professional	12,500	12,000
Consulting	7,750	34,500

As at December 31, 2021, \$345 was owing to related parties of the Company (2020 - \$152,500). Balances owing to related parties are unsecured, did not bear interest, and had no fixed terms of payments.

See Note 4 for additional related party transaction disclosure.

MIDASCO CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
Expressed in Canadian Dollars

6. TAX LOSSES

A reconciliation of the expected income tax provision to the actual income tax provision is as follows:

	December 31, 2021	December 31, 2020
	\$	\$
Net loss	(74,022)	(91,980)
Statutory tax rate	27%	27%
Expected income tax recovery at the statutory tax rate	(19,986)	(24,835)
Non-deductible items and other	4,934	(160)
Share issuance costs	(4,941)	-
Temporary differences not recognized	19,993	24,995
Income tax provision	-	-

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	December 31, 2021	December 31, 2020
	\$	\$
Non-capital loss carry-forwards	1,618,475	884,763
Exploration and evaluation assets	434,097	434,097
Share issuance costs	3,953	-
Tax basis of investments in excess of book value	197,122	197,122
Equipment	836	1,194
Capital losses	366,070	365,976
	2,620,553	1,883,152

The tax pools relating to these deductible temporary differences expire as follows: non-capital losses – \$5,994,352 expiring between 2026 through 2041; net capital losses of \$2,711,632 and resource pools of \$1,607,768 – no expiry.