



**British Columbia**  
**Securities Commission**

**QUARTERLY AND YEAR END REPORT**  
**BC FORM 51-901F (previously Form 61)**

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INCORPORATED AS PART OF:

Schedule A

Schedules B and C

(Place X in appropriate category.)

ISSUER DETAILS

NAME OF ISSUER	FOR QUARTER ENDED	DATE OF REPORT YY/MM/DD
<b>MADISON ENTERPRISES CORP.</b>	<b>JULY 31, 2003</b>	<b>2003/09/25</b>

ISSUER'S ADDRESS

Suite 2000 – 1055 West Hastings Street

CITY	PROVINCE	POSTAL CODE	ISSUER FAX NO.	ISSUER TELEPHONE NO.
Vancouver,	B.C.	V6E 2E9	(604) 331-8773	(604) 331-8772
CONTACT PERSON		CONTACT'S POSITION		CONTACT TELEPHONE NO.
James G. Stewart		Secretary		(604) 331-8772
CONTACT EMAIL ADDRESS			WEB SITE ADDRESS	
Jstewart@mine-tech.com			www.madison-enterprises.com	

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD
"Chet Idziszek"	Chet Idziszek	2003/09/25
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD
"James G. Stewart"	James G. Stewart	2003/09/25

(Electronic signatures should be entered in "quotations".)

**MADISON ENTERPRISES CORP.**

**QUARTERLY REPORT**

**JULY 31, 2003**

**(Unaudited – Prepared by Management)**

**Madison Enterprises Corp.**  
**(An exploration stage company)**  
**Consolidated Balance Sheets**  
**As at**

(expressed in Canadian dollars)

	July 31, 2003 \$ (unaudited)	October 31, 2002 \$
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	959,869	262,096
Marketable securities	-	7,987
Account receivable	230,454	64,457
Prepaid expenses and deposits	3,857	33,857
	<u>1,194,180</u>	<u>368,397</u>
Resource properties and deferred costs	42,557,725	41,128,775
Deferred financing charges	-	29,279
Fixed assets	45,149	60,103
	<u>43,797,054</u>	<u>41,586,554</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	<u>110,395</u>	<u>124,397</u>
<b>Shareholders' Equity</b>		
<b>Capital Stock</b>		
Authorized		
300,000,000 common shares without par value		
Issued		
72,151,811 (55,676,585 – October 31, 2002)		
common shares	55,500,915	52,787,448
Stock options	188,984	30,131
Share purchase warrants	-	1,167,167
Contributed surplus	1,167,167	-
Deficit	(13,170,407)	(12,522,589)
	<u>43,686,659</u>	<u>41,462,157</u>
	<u>43,797,054</u>	<u>41,586,554</u>

**Nature of operations and going concern (note 1)**  
**Subsequent events (note 9)**

Approved by the Board: "Chet Idziszek" Director

"James G. Stewart" Director

**Madison Enterprises Corp.**  
(An exploration stage company)  
**Consolidated Statements of Loss and Deficit**  
For the periods ended  
(expressed in Canadian dollars, unaudited)

	Three Months Ended July 31, 2003 \$	Three Months Ended July 31, 2002 \$	Nine Months Ended July 31, 2003 \$	Nine Months Ended July 31, 2002 \$
<b>General and administrative expenses:</b>				
Audit and accounting	519	318	5,019	17,467
Bank charges	444	330	1,146	929
Depreciation	3,657	4,908	14,954	14,555
Filing fees	851	2,990	29,918	13,797
Insurance	-	-	3,725	-
Legal	13,198	5,280	61,020	27,784
Office and rent	70,271	67,965	208,730	217,563
Office cost reimbursement	(43,679)	(49,125)	(127,589)	(105,517)
Property exam	-	-	-	1,761
Public relations	21,417	22,109	69,204	68,141
Shareholder information	455	2,976	8,143	7,072
Stock-based compensation	-	30,131	158,853	30,131
Transfer agent's fees	1,327	1,380	9,139	7,037
Travel	3,839	1,951	17,827	16,056
Wages	52,841	81,711	209,717	240,214
	<u>125,140</u>	<u>172,924</u>	<u>669,806</u>	<u>556,990</u>
<b>Other:</b>				
Interest earned	(11,767)	(4,204)	(25,204)	(13,596)
Loss on settlement of accounts receivable	-	-	-	6,825
Loss on sale of marketable securities	15,774	-	15,774	-
Foreign exchange (gain) loss	(5,234)	(4,883)	(12,558)	6,632
	<u>(1,227)</u>	<u>(9,087)</u>	<u>(21,988)</u>	<u>(139)</u>
<b>Loss for the period</b>	<u>(123,913)</u>	<u>(163,837)</u>	<u>(647,818)</u>	<u>(556,851)</u>
<b>Deficit - Beginning of period</b>	<u>(13,046,494)</u>	<u>(12,237,608)</u>	<u>(12,522,589)</u>	<u>(11,844,594)</u>
<b>Deficit - End of period</b>	<u>(13,170,407)</u>	<u>(12,401,445)</u>	<u>(13,170,407)</u>	<u>(12,401,445)</u>
<b>Net loss per share</b>	<u>(0.00)</u>	<u>(0.00)</u>	<u>(0.01)</u>	<u>(0.01)</u>

**Madison Enterprises Corp.**  
**(An exploration stage company)**  
**Consolidated Statements of Cash Flows**  
**For the periods ended**  
**(expressed in Canadian dollars, unaudited)**

	Three Months Ended July 31, 2003 \$	Three Months Ended July 31, 2002 \$	Nine Months Ended July 31, 2003 \$	Nine Months Ended July 31, 2002 \$
<b>Cash flows from operating activities:</b>				
Loss for the period	(123,913)	(163,837)	(647,818)	(556,851)
Items not involving cash				
Depreciation	3,657	4,908	14,954	14,555
Loss on settlement of accounts receivable	-	-	-	6,825
Loss on sale of marketable securities	15,774	-	15,774	-
Stock-based compensation	-	30,131	158,853	30,131
Change in non-cash working capital items relating to operating activities				
Prepaid expenses and deposits	4,285	12,857	30,000	17,143
Receivables	(43,484)	(11,944)	(194,996)	(109,519)
Accounts payable and accrued liabilities	(21,343)	(2,825)	(15,465)	(12,532)
	<u>(165,024)</u>	<u>(130,710)</u>	<u>(638,698)</u>	<u>(610,248)</u>
<b>Cash flows from financing activities:</b>				
Capital stock issued for cash	-	-	2,702,796	807,468
<b>Cash flows from investing activities:</b>				
Purchase of fixed assets	-	-	-	(298)
Proceeds from sale of marketable securities	21,212	-	21,212	-
Deferred financing charges	-	(17,454)	-	(17,454)
Expenditures on exploration properties	(565,071)	(379,304)	(1,387,537)	(656,127)
	<u>(543,859)</u>	<u>(396,758)</u>	<u>(1,366,325)</u>	<u>(673,879)</u>
<b>(Decrease) increase in cash and cash equivalents</b>	(708,883)	(527,468)	697,773	(476,659)
<b>Cash and cash equivalents - Beginning of period</b>	<u>1,668,752</u>	<u>1,178,369</u>	<u>262,096</u>	<u>1,127,560</u>
<b>Cash and cash equivalents - End of period</b>	<u>959,869</u>	<u>650,901</u>	<u>959,869</u>	<u>650,901</u>

Supplemental Cash Flow Information  
(note 6)

**Madison Enterprises Corp.**  
**Notes to Interim Consolidated Financial Statements**  
**For the nine months ended July 31, 2003**  
**(Unaudited – Prepared by Management)**

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**1. Nature of Operations and Going Concern**

The Company is in the process of exploring its resource properties and has not determined whether these properties contain ore reserves that are economically recoverable. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

At July 31, 2003, the Company had working capital of \$1,083,785, which management believes will be sufficient to meet the Company's general and administrative expenses and minimum expenditure commitments on the Lewis Property for the coming year. If the Company is to advance or develop its mineral properties further, it will be necessary to obtain additional funding and while the Company has been successful in the past, there can be no assurance that it will be able to do so in the future.

These consolidated financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize assets and discharge liabilities in the normal course of business for the foreseeable future. These consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

The recoverability of amounts shown for resource properties is dependent upon the discovery of economically recoverable ore reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to complete exploration and subsequent development, and upon future profitable production from properties or proceeds from disposition.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, transfers or native land claims, and title may be affected by undetected defects.

**2. Interim Unaudited Consolidated Financial Statements**

While these interim unaudited consolidated financial statements do not conform in all respects to the requirements of generally accepted accounting principles for annual financial statements, they follow the same accounting policies and methods of their application as the most recent annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended October 31, 2002.

**3. Significant Accounting Policies**

These interim consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements of the Company.

**Madison Enterprises Corp.**  
**Notes to Interim Consolidated Financial Statements**  
For the nine months ended July 31, 2003  
(Unaudited – Prepared by Management)

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**4. Resource Properties and Deferred Costs**

	Mt. Kare, Papua New Guinea \$	Lewis Property, Nevada \$	Totals  \$
Balance, October 31, 2002	40,729,224	399,551	41,128,775
Acquisition	-	36,886	36,886
Assays	11,330	49,128	60,458
Camp/Office	36,081	409	36,490
Communications	19,081	63	19,144
Community Relations	19,547	-	19,547
Compensation Payments	16,556	-	16,556
Contractors-			
Computers/Drafting	-	3,020	3,020
Contractors-Geophysics	-	119,797	119,797
Contractors-Other	-	10,715	10,715
Contractors-Surveying	-	21,531	21,531
Drilling	-	168,204	168,204
Evaluation of Alluvial Resource	1,937	-	1,937
Food Supplies and Catering	35,440	-	35,440
Fuel Supplies	32,701	-	32,701
Geologic Staff	125,618	190,711	316,329
Geological Supplies/ Equipment	-	203	203
Helicopter	128,939	-	128,939
Land & Legal	42,034	65,138	107,172
Lawyer Fees	9,597	17,361	26,958
Licence Fees	12,526	-	12,526
Local Labour-Food Rations	1,430	-	1,430
Local Labour-Wages	20,460	-	20,460
Outside Contractors-			
Community Relations	136,069	-	136,069
Port Moresby Office	20,050	-	20,050
Technical Reports, Printing/ Copying	-	3,553	3,553
Travel & Accommodation	45,328	27,507	72,835
	<u>714,724</u>	<u>714,226</u>	<u>1,428,950</u>
Balance, July 31, 2003	<u>41,443,948</u>	<u>1,113,777</u>	<u>42,557,725</u>

**Madison Enterprises Corp.**  
**Notes to Interim Consolidated Financial Statements**  
For the nine months ended July 31, 2003  
(Unaudited – Prepared by Management)

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On December 31, 2002, the Company had completed the initial on-site exploration expenditures of US\$250,000 on the Lewis Property. On January 1, 2003, as the Company is continuing with the Lewis Property option agreement, the Company became committed to incur US\$150,000 in on-site exploration expenditures before December 31, 2003. This amount must be paid regardless of any termination of the Lewis Agreement.

**5. Capital Stock**

The Company's authorized share capital consists of 300,000,000 common shares without par value.

	Number of Shares	Amount \$
Balance, October 31, 2002	55,676,585	52,787,448
Compensation (a)	160,260	28,125
Exercise of Stock Options	138,000	21,700
Exercise of Warrants	1,009,500	126,150
Private Placement (b)	4,163,466	539,181
Private Placement (c)	11,004,000	1,998,311
Balance, July 31, 2003	72,151,811	55,500,915

- a) During the period ended July 31, 2003, the Company issued a total of 160,260 common shares, valued at \$28,125, to the president of the Company as compensation for a reduction in remuneration.
- b) On November 5, 2002, the Company closed a brokered private placement of 4,003,333 units at a price of \$0.15 per unit to generate proceeds of \$539,181 (net of \$24,020 in commission and \$37,299 in issuance costs). Each unit consists of one common share and one-half warrant, every full warrant entitling the purchase of an additional common share of the Company at a price of \$0.18 per share until November 5, 2003, and at a price of \$0.20 per share thereafter until November 5, 2004. The agent received a commission of 8% of the gross proceeds, paid half in cash (\$24,020) and half in units (160,133 units), and a broker's warrant entitling the purchase of up to 600,500 shares of the Company at a price of \$0.18 per share until November 5, 2003 and at a price of \$0.20 per share thereafter until November 5, 2004.
- c) On February 24, 2003, the Company closed a brokered private placement of 10,900,000 units and a non-brokered private placement of 100,000 units at a price of \$0.20 per unit, to generate proceeds of \$1,998,311 (net of \$174,000 in commission and \$27,289 in issuance costs). Each unit consists of one common share and one half warrant, every full warrant entitling the purchase of an additional common share at a price of \$0.25 per share until February 24, 2004. The agent received a cash fee of \$174,000, 4,000 units with the same terms as above and 1,650,000 broker's warrants exercisable into common shares at \$0.25 per share until February 24, 2004.

**Madison Enterprises Corp.**  
**Notes to Interim Consolidated Financial Statements**  
**For the nine months ended July 31, 2003**  
**(Unaudited – Prepared by Management)**

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- d) During the nine months ended July 31, 2003, the Company granted stock options entitling the purchase of up to 2,668,420 common shares at \$0.20 per share up to and including May 21, 2007.

The Company has recorded stock-based compensation expense for the estimated value of \$158,853, for options granted to consultants. The Company has not adopted the fair value method of accounting for options granted to employees and directors.

The pro-forma effect on loss and loss per share for the period ended July 31, 2003 of the actual results had the Company accounted for the stock options granted to directors and employees using the fair value method is as follows:

	\$
Net loss for the period	
Reported	647,818
Pro-forma	901,338
Basic and diluted net loss per share	
Reported	0.01
Pro-forma	0.01

The fair value of stock options used to calculate compensation expense is estimated using the Black-Scholes Option Pricing Method with the following assumptions:

Risk-free interest rate	4.22%
Expected dividend yield	-
Expected stock price volatility	102%
Expected option life in years	5

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

- e) During the nine months ended July 31, 2003, the Company increased its authorized share capital from 100,000,000 common shares without par value to 300,000,000 common shares without par value.

**Madison Enterprises Corp.**  
**Notes to Interim Consolidated Financial Statements**  
For the nine months ended July 31, 2003  
(Unaudited – Prepared by Management)

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**6. Related Party Transactions**

- a) The Company incurred the following expenses with directors and a company related by way of directors in common during the nine months ended July 31, 2003, and 2002:

	2003	2002
	\$	\$
Legal fees	49,800	18,783
Exploration management and other expenditures on resource assets	27,224	50,774
Share issue costs charged to capital stock	22,844	14,163
Legal fees charged to deferred financing costs	-	10,454

- b) As at July 31, 2003, account payable and accrued liabilities include \$14,389 (October 31, 2002 - \$36,356) due to officers of the Company and companies related by way of directors in common.
- c) During the nine months ended July 31, 2003, the Company recorded reimbursements of \$127,589 (2002 - \$105,517) for rental of office space from companies related by way of directors in common, under rental agreements between the related companies.
- d) During the nine months ended July 31, 2003, the Company funded some general and administrative expenses for companies related by way of directors in common. At July 31, 2003, accounts receivable include \$218,251 (October 31, 2002 - \$53,516) due from these related companies.

Refer also to note 5 a) and 9.

**7. Supplemental Cash Flow Information**

During the period ended July 31, 2003, the Company conducted the following non-cash transactions:

- a) Issued 160,260 common shares, valued at \$28,125 to certain employees and consultants as compensation for a reduction in remuneration.
- b) Transferred \$1,167,167 to contributed surplus when warrants to purchase 3,175,000 shares of the Company expired unexercised on November 17, 2002.
- c) Received marketable securities with a market value of \$28,999 in settlement of accounts receivable.

**Madison Enterprises Corp.**  
**Notes to Interim Consolidated Financial Statements**  
For the nine months ended July 31, 2003  
(Unaudited – Prepared by Management)

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**8. Segmented Information**

The Company has one operating segment, the exploration and development of mineral properties located principally in Papua New Guinea and the United States. All fixed assets are held in Canada.

**9. Subsequent Events**

The Company issued a total of 78,125 common shares, valued at \$9,375, to the president of the Company as compensation for a reduction in remuneration.