



**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 THE YEAR ENDED	DATE OF REPORT YY/MM/DD
<b>MADISON ENTERPRISES CORP.</b>	<b>OCTOBER 31, 2003</b>	<b>2004/03/12</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
<i>“Chet Idziszek”</i>	CHET IDZISZEK	2004/03/12
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD
<i>“James G. Stewart”</i>	JAMES G. STEWART	2004/03/12

(Electronic signatures should be entered in “quotations”.)

**SCHEDULE B**  
**SUPPLEMENTARY INFORMATION**

**MADISON ENTERPRISES CORP.**  
**SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED OCTOBER 31, 2003**

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**1. (a) Deferred costs:**

See Schedule A – Notes to Interim Financial Statements, Note 4. *“Resource properties and deferred costs”*

**(b) Breakdown of Office and Rent costs:**

Office	\$	108,305
Rent		<u>114,362</u>
	\$	<u><u>222,667</u></u>

**(c) Breakdown of Public Relations costs:**

Expenses	\$	9,958
Investor relations consultants		74,250
Internet		<u>2,000</u>
	\$	<u><u>86,208</u></u>

**2. Expenditures made to non-arm’s length parties:**

See Schedule A – Notes to Interim Financial Statements, Note 9.

**MADISON ENTERPRISES CORP.**

**SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED OCTOBER 31, 2003**

**3. (a) Securities issued during the period:**

See Schedule A – Notes to Interim Financial Statements, Note 6 and:

Date of Issue	Type of Security	Type of Issue	Number of Shares	Price	Net Proceeds	Type of Consideration
05-Nov-02	Units	Private Placement	4,163,466	\$0.15	\$539,181	Cash
28-Nov-02	Common shares	Compensation shares	62,500	\$0.15	\$9,375	See note 6f)
08-Jan-03	Common shares	Exercise option	46,000	\$0.15	\$6,900	Cash
13-Jan-03	Common shares	Exercise warrants	500,000	\$0.12	\$60,000	Cash
14-Jan-03	Common shares	Exercise warrants	250,000	\$0.14	\$35,000	Cash
30-Jan-03	Common shares	Compensation shares	42,613	\$0.22	\$9,375	See note 6f)
03-Feb-03	Common shares	Exercise warrants	100,000	\$0.12	\$12,000	Cash
06-Feb-03	Common shares	Exercise warrants	100,000	\$0.12	\$12,000	Cash
07-Feb-03	Common shares	Exercise warrants	20,000	\$0.12	\$2,400	Cash
13-Feb-03	Common shares	Exercise option	42,000	\$0.15	\$6,300	Cash
24-Feb-03	Units	Private placement	11,004,000	\$0.20	\$1,998,311	Cash
24-Feb-03	Common shares	Exercise warrants	10,000	\$0.12	\$1,200	Cash
26-Feb-03	Common shares	Exercise option	50,000	\$0.17	\$8,500	Cash
11-Mar-03	Common shares	Exercise warrants	10,000	\$0.12	\$1,200	Cash
25-Mar-03	Common shares	Exercise warrants	500	\$0.14	\$70	Cash
25-Mar-03	Common shares	Exercise warrants	19,000	\$0.12	\$2,280	Cash
21-May-03	Common shares	Compensation shares	55,147	\$0.17	\$9,375	See note 6f)

**MADISON ENTERPRISES CORP.**

**SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED OCTOBER 31, 2003**

Date of Issue	Type of Security	Type of Issue	Number of Shares	Price	Net Proceeds	Type of Consideration
05-Aug-03	Common shares	Exercise Warrants	351,000	\$0.12	\$42,120	Cash
05-Aug-03	Common shares	Exercise warrants	4,500	\$0.14	\$630	Cash
13-Aug-03	Common shares	Compensation shares	78,125	\$0.12	\$9,375	See note 6f)
13-Aug-03	Common shares	Exercise warrants	100,000	\$0.12	\$12,000	Cash
15-Sep-03	Common shares	Exercise warrants	100,000	\$0.14	\$14,000	Cash
15-Sep-03	Common shares	Exercise warrants	200,000	\$0.12	\$24,000	Cash
17-Sep-03	Common shares	Exercise warrants	1,750,000	\$0.12	\$210,000	Cash
17-Sep-03	Common shares	Exercise warrants	350,000	\$0.12	\$42,000	Cash
19-Sep-03	Common shares	Exercise warrants	640,000	\$0.12	\$76,800	Cash
19-Sep-03	Common shares	Exercise warrants	5,000	\$0.14	\$700	Cash
25-Sep-03	Common shares	Exercise warrants	750,000	\$0.12	\$90,000	Cash
02-Oct-03	Common shares	Exercise option	10,000	\$0.17	\$1,700	Cash
21-Oct-03	Common shares	Compensation shares	55,147	\$0.17	\$9,375	See note 6f)

**MADISON ENTERPRISES CORP.**  
**SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED OCTOBER 31, 2003**

**(b) Options granted during the period:**

Date Granted	Number	Type	Name	Exercise Price	Expiry Date
30-Dec-02	150,000	Director	Abdullah Basodan	\$0.20	30-Dec-07
30-Dec-02	427,000	Director	Chet Idziszek	\$0.20	30-Dec-07
30-Dec-02	150,000	Director	Donald Kohls	\$0.20	30-Dec-07
30-Dec-02	150,000	Director	Catherine McLeod-Seltzer	\$0.20	30-Dec-07
30-Dec-02	150,000	Director	Robert Sibthorpe	\$0.20	30-Dec-07
30-Dec-02	325,000	Director	James G. Stewart	\$0.20	30-Dec-07
30-Dec-02	575,000	Consultant	Jeff Cocks	\$0.20	30-Dec-07
30-Dec-02	150,000	Consultant	Nell Dragovan	\$0.20	30-Dec-07
30-Dec-02	100,000	Consultant	Max Fugman	\$0.20	30-Dec-07
30-Dec-02	61,920	Consultant	David Scott	\$0.20	30-Dec-07
30-Dec-02	100,000	Consultant	David Mallo	\$0.20	30-Dec-07
30-Dec-02	41,000	Consultant	Douglas Turnbull	\$0.20	30-Dec-07
30-Dec-02	48,000	Employee	Naomi Corrigan	\$0.20	30-Dec-07
30-Dec-02	47,500	Employee	Roswitha Davidson	\$0.20	30-Dec-07
30-Dec-02	55,000	Employee	Elizabeth Anderson	\$0.20	30-Dec-07
30-Dec-02	45,000	Employee	Elvie Valenzuela	\$0.20	30-Dec-07
30-Dec-02	48,000	Employee	Sandra Hjerpe	\$0.20	30-Dec-07
30-Dec-02	45,000	Employee	Graham Pople	\$0.20	30-Dec-07

**4. (a) Authorized and issued share capital at October 31, 2003**

Class	Par Value	Authorized	Issued	
			Number	Amount
Common	N.P.V.	300,000,000	76,545,583	\$56,033,615

**MADISON ENTERPRISES CORP.**  
**SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED OCTOBER 31, 2003**

**(b) Summary of options and warrants outstanding at October 31, 2003**

Security	Number or Amount	Exercise or convertible price	Expiry Date
Options	2,490,580	\$0.17	March 6, 2006
Options	552,000	\$0.15	May 21, 2007
Options	2,518,420	\$0.20	December 30, 2007
Warrants	2,001,666	\$0.18 \$0.20	November 5, 2003 November 5, 2004
Agents Warrants	680,566	\$0.18 \$0.20	November 5, 2003 November 5, 2004
Warrants	5,500,000	\$0.25	February 24, 2004
Agent Warrants	1,652,000	\$0.25	February 24, 2004

**(c) Share in escrow or subject to a pooling agreement as at October 31, 2003**

	<u>Number of Shares</u>
Escrow	<u><u>NIL</u></u>

**5. List of Directors and Officers as at March 12, 2004**

Name	Position
Chet Idziszek	Director, President, Chairman & C.E.O.
James Stewart	Director, Secretary
Dr. Abdullah Basodan	Director
Donald Kohls	Director
Nell Dragovan	Director
Robert Sibthorpe	Director

**SCHEDULE C**  
**MANAGEMENT DISCUSSION**

**MADISON ENTERPRISES CORP.**

(the “Company”)

**MANAGEMENT DISCUSSION FOR  
THE YEAR ENDED OCTOBER 31, 2003**

**Operating Results**

Madison Enterprises Corp. (the “Company”) is in the business of the acquisition, exploration, exploration management and sale of mineral properties, with the primary aim of advancing them to a stage where they can be exploited at a profit. At that stage, the Company's operations would, to some extent, be dependent on the prevailing market prices for any of the minerals produced by such operations. The Company does not currently have any producing properties and its current operations on its various properties are exploratory searches for mineable deposits of minerals. Before and during the fiscal year ended October 31, 2003, the Company was primarily engaged in the continued exploration of its Mt. Kare Property in Papua New Guinea and its Lewis Property in Nevada. The Company's future mineral exploration and potential mining activities in Papua New Guinea may be affected in varying degrees by Papua New Guinea's political stability and government regulation, all of which are beyond the control of the Company.

As at October 31, 2003, the Company had incurred \$32,109,097 in exploration of its Mt. Kare Property in Papua New Guinea. Significant expenditures to October 31, 2003 include the following:

Category	Amount	Percentage of Total Expenditures
Camp costs	\$7.3 million	23%
Community relations	\$3.2 million	10%
Contractors	\$3.0 million	9%
Drilling	\$6.8 million	21%
Helicopter	\$3.4 million	10%

Camp costs make up a significant portion of the Company's historical expenditures at Mt. Kare due to the need to build exploration support infrastructure in a remote part of Papua New Guinea. Most of the construction required helicopter support, as there is no road access to the Mt. Kare Property. Similarly, all drilling requires helicopter support. To date, the Company has completed 235 diamond drill holes totaling 36,787 metres. Community relations costs incurred were necessary in order to promote stability in an area with no government infrastructure and include health, education and security costs. The majority of the Company's exploration work has been and continues to be carried out by independent contractors. All of these amounts were incurred to advance the exploration of the Mt. Kare Property. The Company expects the proportion of camp costs and community relations costs to decrease as the Company increases its exploration activities at Mt. Kare.

To date, the existing mineral resources at Mt. Kare have been estimated by the independent engineering firm of Watts Griffis & McOuat to be indicated mineral resources of 14.68 million

## **“AMENDED & RESTATED”**

tonnes grading 2.36 g/t gold and 33.7 g/t silver and inferred mineral resources of 10.85 million tonnes grading 1.98 g/t gold and 22.7 g/t silver (using a 1.0 g/t gold equivalent cut-off and with the cutting of high grade gold assays to 30 g/t) representing approximately 1.8 million ounces of gold and 23.8 million ounces of silver.

During the fiscal year ended October 31, 2003, the Company incurred exploration expenditures of \$992,778 on the Mt. Kare Property. This was comprised primarily of costs to keep the camp in good order, including camp costs of \$173,978 and community relations costs of \$297,092. Other significant components were costs of contractors and geological staff of \$156,171 and helicopter support costs of \$163,569. During the period, the Company carried out additional geological mapping, data interpretation and trenching in preparation for IP geophysical surveying undertaken subsequent to the fiscal year ended October 31, 2003. All of the current work was designed to refine drill targets for the Company's 2004 drill program which began in May 2004.

The Company's exploration program at Mt. Kare has been ongoing since 1996, but the level of activity has been reduced in the last two fiscal years as a result of a depressed gold market. The Company increased its exploration activity at Mt. Kare subsequent to the fiscal year ended October 31, 2003, with the objective of expanding the estimated resources at Mt. Kare. This work will be comprised of prospecting, sampling and geophysical surveying in preparation for diamond drilling on new geophysical targets in the Pinuni Creek Valley. Geophysical surveying began in April 2004 and drilling began in May 2004. Additional drilling may also be carried out north of the Western Roscoelite Zone, Central Zone, C-9 Zone and south and north of the Black Zone.

Results of the proposed exploration at Mt. Kare for the upcoming fiscal year should permit the Company to determine whether to continue to seek to expand the estimated resource or begin the preparation of a feasibility study on the current resource.

As at October 31, 2003, the Company had incurred a total of \$1,396,484 in exploration of its Lewis Property in the State of Nevada. During the fiscal year ended October 31, 2003, the Company incurred exploration expenditures of \$1,149,616 on the Lewis Property, which was comprised primarily of costs of contractors and geological staff of \$429,060 and drilling costs of \$393,499. During the fiscal year ended October 31, 2003, the Company drilled 30 reverse circulation holes and 3 diamond drill holes totalling 23,885 feet. The majority of the Company's exploration work has been and continues to be carried out by independent contractors.

Exploration within the Lewis Property has outlined a virtually identical geological environment to that underlying the adjacent Phoenix-Fortitude Property owned by Newmont Mining Corporation, including a direct on-strike extension to the hosting Antler Sequence stratigraphy (Edna Mountain, Antler Peak and Battle Formations), controlling structures (Virgin and Copper Canyon Structural Zones) and mineralization style. The Lewis Property covers an area including a three mile strike extent of highly prospective ground northward along this favourable stratigraphic-structural corridor.

The most advanced gold target on the Lewis Property is the Virgin Structural Zone. Surface exposures and limited preliminary drilling by previous operators have partially traced the Virgin Structural Zone for a minimum strike length of approximately 1,000 feet on the Lewis Property. On the adjacent Phoenix-Fortitude Property and within the Fortitude deposit in particular, the Virgin Structural Zone acts as a major ore-bearing host and mineralizing conduit to the favorable calcareous Antler Sequence stratigraphy, host to the majority of Newmont's reported reserves.

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In November, 2002, the Company carried out an initial nine hole 5,835-foot reverse circulation drilling program on the Lewis Property. This program tested stratigraphic and structural targets along a 400-foot north-south extent of the Virgin Structural Zone, starting four hundred feet north of the Newmont boundary. The objectives of this initial phase of exploration drilling were to confirm geology, structure, mineralization and continuity and expand the along-strike and up-dip extensions of Virgin style mineralization identified by previous operators.

The drilling successfully met its objectives and encountered mineralization in all of the holes. Compilation and interpretation of previous drilling results and the Company's recently obtained drilling results, confirms that the mineralizing system at the Fortitude deposit (the Virgin Structural Zone) continues on to the Lewis Property for considerable distance. These results also suggested that the Virgin Structural Zone is open to expansion in every direction.

Throughout the fiscal year ended October 31, 2003, the Company continued to focus its exploration on the Virgin Structural Zone. The Company carried out preliminary structural mapping, geochemical and geophysical surveying and drilled a total of 33 holes totaling 23,885 feet on the Virgin Structural Zone. Results were announced subsequent to the fiscal year ended October 31, 2003 and suggest that the Virgin Structural Zone is comprised of two distinct styles of mineralization: sub-vertical, structurally controlled mineralization and sub-horizontal stratigraphically controlled mineralization. Drilling has confirmed excellent lateral and vertical continuity of mineralization from surface to a minimum depth of 700 feet. The gold-bearing mineralization, at least 1,850 feet in strike extent, takes the form of a continuous sub-vertical, linear body with a series of sub-horizontal, amoeba-shaped zones.

The Company intends to continue its detailed evaluation of the Virgin Structural Zone target area using structural geologic mapping, geochemistry, geophysics and drilling.

### *Fiscal Year Ended October 31, 2003 Compared to Fiscal Year Ended October 31, 2002*

During the fiscal year ended October 31, 2003, the Company recorded interest income of \$84,658, a foreign exchange gain of \$9,653 and a loss on sale of marketable securities of \$15,744. During the fiscal year ended October 31, 2002, the Company recorded interest income of \$15,289, a foreign exchange loss of \$5,828, a loss on settlement of receivables of \$6,825 and a write-down of marketable securities of \$2,250.

Expenses for the fiscal year ended October 31, 2003 were \$807,583, up from \$678,381 for the fiscal year ended October 31, 2002. This increase is primarily due to increased stock based compensation that increased to \$158,853 for the fiscal year ended October 31, 2003 from \$30,131 for the fiscal year ended October 31, 2002 as a result of the Company having adopted the fair value method of accounting for stock options. In addition, filing fees increased by \$16,206 due to filings for approval of executive compensation, filing fees associated with financings undertaken during the period and increased fees for the filing of financial statements and other continuous disclosure documents; legal fees increased by \$37,471 primarily as a result of costs associated with the Company's annual report; net office and rent costs decreased by \$17,506 due to a reduction in the size of the Company's office premises; public relations expenses decreased slightly by \$2,886 as a result of decreased public relations activity; travel increased by \$7,456 as a result of the reimbursement of travel expenses for the President of the Company pursuant to his employment contract which was entered into during the period;

## **“AMENDED & RESTATED”**

wages decreased by \$55,157 as a result of wage reimbursements from companies sharing office premises and staff with the Company.

The net loss for the fiscal year ended October 31, 2003 was \$729,046 or \$0.01 per share as compared with a net loss for the fiscal year ended October 31, 2002 of \$677,995 or \$0.01 per share. The Company also expects to incur a net operating loss for the fiscal year ending October 31, 2004.

### *Fiscal Year Ended October 31, 2002 Compared to Fiscal Year Ended October 31, 2001*

During the fiscal year ended October 31, 2002, the Company recorded interest income of \$15,289, a foreign exchange loss of \$5,828, a loss on settlement of receivables of \$6,825 and a write-down of marketable securities of \$2,250. During the fiscal year ended October 31, 2001, the Company recorded a foreign exchange gain of \$30,530, interest income of \$82,895 and a write-off of resource properties and deferred expenditures of \$2,557,593 primarily related to its Belencillo property.

Expenses for the fiscal year ended October 31, 2002 were \$678,381, up slightly from \$645,644 for the fiscal year ended October 31, 2001. This increase is primarily due to increased wages. Wages for the fiscal year ended October 31, 2002 increased to \$297,325 from \$230,399 for the fiscal year ended October 31, 2001, largely as a result of a greater percentage of wages being allocable to general and administrative expenses rather than to resource properties.

The net loss for the fiscal year ended October 31, 2002 was \$677,995 or \$0.01 per share as compared with a net loss for the fiscal year ended October 31, 2001 of \$3,089,312 or \$0.07 per share.

### *Fiscal Year Ended October 31, 2001 Compared to Fiscal Year Ended October 31, 2000*

During the fiscal year ended October 31, 2001, the Company recorded a foreign exchange gain of \$30,530, interest income of \$82,895 and a write-off of resource properties and deferred expenditures of \$2,557,593 primarily related to its Belencillo property. During the fiscal year ended October 31, 2000, the Company recorded a foreign exchange loss of \$25,167 and interest income of \$170,644. Interest income fluctuates due to the amount of funds on deposit and the rate of interest paid thereon.

Expenses for the fiscal year ended October 31, 2001 were \$645,644, down from \$735,481 for the fiscal year ended October 31, 2000. This decrease is primarily due to decreased audit and accounting fees, depreciation, filing fees and public relations costs. Audit and accounting fees for the fiscal year ended October 31, 2001 decreased to \$49,176 from \$69,228 for the fiscal year ended October 31, 2000, largely as a result of the cost of tax structuring advice during the prior year. During the fiscal year ended October 31, 2001, the Company incurred depreciation of \$24,783, as compared with \$66,863 in the fiscal year ended October 31, 2000. Filing fees for the fiscal year ended October 31, 2001 decreased to \$8,804 from \$18,098 for the fiscal year ended October 31, 2000, largely as a result of fees associated with the acquisition by the Company of an additional interest in the Mt. Kare Property and with financings carried out during the fiscal year ended October 31, 2000. Public relations expenses fell to \$70,677 in the fiscal year ended October 31, 2001 from \$159,594 in the fiscal year ended October 31, 2000 as a result of market awareness programs undertaken in the prior year.

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The net loss for the fiscal year ended October 31, 2001 was \$3,089,312 or \$0.07 per share as compared with a net loss for the fiscal year ended October 31, 2000 of \$590,004 or \$0.01 per share.

### **Liquidity and Capital Resources**

In management's view, given the nature of the Company's activities, which consist of the acquisition, exploration, exploration management and sale of mineral properties, the most meaningful and material financial information concerning the Company relates to its current liquidity and capital resources. The Company does not currently own or have an interest in any mineral producing properties and has not derived any revenues from the sale of gold, silver or other materials in the last three financial years. One of the Company's two principal properties, the Mt. Kare Property, is located in Papua New Guinea, and as a result the Company's operations on the property may be subject to additional risks.

The Company's mineral exploration activities have been funded through sales of common shares, and the Company expects that it will continue to be able to utilize this source of financing until it develops cash flow from its operations. There can be no assurance, however, that the Company will be able to obtain required financing in the future on acceptable terms, or at all, and should this occur, there is substantial doubt about the ability of the Company to continue as a going concern. In the near term, the Company plans to continue its exploration activities on its currently held properties. Based on its existing working capital, the Company does not expect to require additional financing for its currently held properties during the upcoming fiscal year. The Company has not carried out debt financing nor has it made use of any financial instruments for hedging purposes. The Company had no material commitments for capital expenditures at the end of its most recent fiscal year.

Management of the Company regularly reviews the net carrying value of the Company's interest in each mineral property. Where information is available and conditions suggest impairment, estimated future net cash flows from each property are calculated using estimated future prices, proven and probable reserves, and operating, capital and reclamation costs on an undiscounted basis. Reductions in the carrying value of each property would be recorded to the extent the net book value of the investment exceeds the estimated future cash flows. Where estimates of future net cash flows are not available and where other conditions such as the exploration results incurred by the Company and others suggest impairment, management assesses if carrying value can be recovered.

At October 31, 2003, the Company had working capital of \$821,370, 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. If such funds are not available or cannot be obtained and its joint venture arrangements are insufficient to cover the costs of the Company's mineral exploration activities, the Company will be forced to curtail its exploration activities to a level for which funding is available or can be obtained.

Other than as discussed herein, the Company is not aware of any trends, demands, commitments, events or uncertainties that may result in the Company's liquidity either materially

## **“AMENDED & RESTATED”**

increasing or decreasing at present or in the foreseeable future. Material increases or decreases in the Company's liquidity will be substantially determined by the success or failure of its exploration programs on its mineral exploration properties.

### *October 31, 2003 Compared to October 31, 2002*

At October 31, 2003, the Company's current assets totaled \$950,364 compared to \$368,397 at October 31, 2002. The increase is primarily attributable to the sale of share capital. Included in the Company's current assets was receivables of \$241,854, of which \$223,575 was due from related parties. This related party receivable was comprised of general and administrative expenses incurred by companies related by way of directors in common. All such amounts are payable on demand. Also included in current assets was marketable securities of \$40,000 which was comprised of 400,000 common shares of Lund Gold Ltd. acquired a cost of \$40,000 having a market value of \$288,000 at October 31, 2003. During the same period, total liabilities increased slightly to \$128,994 from \$124,397. As a result of these same factors, working capital was \$821,370 at October 31, 2003 as compared with working capital of \$244,000 at October 31, 2002. The Company had no long-term debt at either October 31, 2003 or October 31, 2002.

At October 31, 2003, the Company had total assets of \$44,267,125 as compared with \$41,586,554 at October 31, 2002. This increase is due principally to the sale of share capital during the year.

Share capital as at October 31, 2003 was \$55,882,956, up from \$52,787,448 as at October 31, 2002 due to the issuance of share capital. During the fiscal year ended October 31, 2003, the Company issued 4,003,333 common shares at a price of \$0.15 per share pursuant to a private placement to generate net cash proceeds of \$539,181, 11,000,000 common shares at a price of \$0.20 per share pursuant to a private placement to generate net cash proceeds of \$1,998,311, 5,260,000 shares pursuant to the exercise of share purchase warrants to generate net proceeds of \$638,400, 148,000 shares pursuant to the exercise of incentive stock options to generate net proceeds of \$23,400 and 293,532 shares recorded at \$46,875 as compensation for certain employees and consultants.

The Company's largest cash outflow in the fiscal years ended October 31, 2003 and October 31, 2002 was expenditures resulting from its investment in mineral properties, namely its Mt. Kare Property and its Lewis Property. During the fiscal year ended October 31, 2003, the Company incurred property expenditures of \$2,142,394, compared to \$1,067,823 during the fiscal year ended October 31, 2002. The property expenditures incurred in the fiscal year ended October 31, 2003 were comprised of \$992,778 spent on the Mt. Kare Property and \$1,149,616 spent on the Lewis Property. The amount of exploration costs incurred by the Company fluctuates based on the scope of any exploration program the Company carries out during a specific period and cash available.

### *October 31, 2002 Compared to October 31, 2001*

At October 31, 2002, the Company's current assets totalled \$368,397 compared to \$1,232,047 at October 31, 2001. The decrease is primarily attributable to expenditures resulting from its investment in the Mt. Kare Property and the Lewis Property. During the same period, total liabilities decreased slightly to \$124,397 from \$133,149. As a result of these same factors, working capital was \$244,000 at October 31, 2002 as compared with working capital of

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\$1,098,898 at October 31, 2001. The Company had no long-term debt at either October 31, 2002 or October 31, 2001.

At October 31, 2002, the Company had total assets of \$41,586,554 as compared with \$41,372,266 at October 31, 2001. This increase is due principally to the sale of share capital during the year.

Share capital as at October 31, 2002 was \$52,787,448, up from \$51,916,544 as at October 31, 2001 due to the issuance of share capital. During the fiscal year ended October 31, 2002, the Company issued 8,700,000 common shares at a price of \$0.10 per share pursuant to a private placement to generate net proceeds of \$775,468 and issued 320,000 shares recorded at \$32,000 pursuant to a finder's fee and 583,579 shares recorded at \$63,436 as compensation for certain employees and consultants.

The Company's largest cash outflow in the fiscal years ended October 31, 2002 and October 31, 2001 was expenditures resulting from its investment in mineral properties, namely its Mt. Kare Property and its Lewis Property. During the fiscal year ended October 31, 2002, the Company incurred property expenditures of \$1,012,883, compared to \$1,441,446 during the fiscal year ended October 31, 2001. The amount of exploration costs incurred by the Company fluctuates based on the scope of any exploration program the Company carries out during a specific period and cash available.

### *October 31, 2001 Compared to October 31, 2000*

At October 31, 2001, the Company's current assets totalled \$1,232,047 compared to \$3,063,332 at October 31, 2000. The decrease is primarily attributable to expenditures resulting from its investment in the Mt. Kare Property. During the same period, total liabilities decreased to \$133,149 from \$228,090, due primarily to the Company's decreased exploration activities on the Mt. Kare Property. As a result of these same factors, working capital was \$1,098,898 at October 31, 2001 as compared with working capital of \$2,835,242 at October 31, 2000. The Company had no long-term debt at either October 31, 2001 or October 31, 2000.

At October 31, 2001, the Company had total assets of \$41,372,266 as compared with \$44,340,619 at October 31, 2000. This decrease is due principally to general and administrative expenses and a write-off of resource properties offset by proceeds from the sale of share capital during the year.

Share capital as at October 31, 2001 was \$51,916,544, up from \$51,700,144 as at October 31, 2000 due to the issuance of share capital. During the fiscal year ended October 31, 2000, the Company issued 733,137 common shares at a price of \$0.21 per share pursuant to a private placement to generate net proceeds of \$151,284 and issued 609,353 shares recorded at \$65,116 as compensation for certain employees and consultants.

The Company's largest cash outflow in the fiscal years ended October 31, 2001 and October 31, 2000 was expenditures resulting from its investment in mineral properties, namely its Mt. Kare Property. During the fiscal year ended October 31, 2001, the Company incurred property expenditures of \$1,441,446, compared to \$3,315,257 during the fiscal year ended October 31, 2000. The amount of exploration costs incurred by the Company fluctuates based on the scope of any exploration program the Company carries out during a specific period and cash available.

## **“AMENDED & RESTATED”**

### *Material Differences between Canadian and U.S. Generally Accepted Accounting Principles*

The Company prepares its financial statements in accordance with accounting principles generally accepted in Canada (Canadian GAAP) which differ in certain respects from those principles that the Company would have followed had its financial statements been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The major measurement differences between Canadian and U.S. GAAP, which affect the Company's financial statements, are described below:

Under U.S. GAAP, deferred exploration costs are written off as incurred. Had the Company presented its financial statements in accordance with U.S. GAAP, its earnings for the fiscal years ended October 31, 2003, 2002 and 2001 would have been reduced by \$1,894,394 and \$1,067,823 and increased by \$409,936, respectively.

### *Outlook*

For the remainder of the fiscal year ending October 31, 2004, the Company's activities will focus on the exploration of the Mt. Kare Property and the Lewis Property. Based on its existing working capital, the Company does not expect to require additional financing during the upcoming fiscal year unless it accelerates all planned exploration on its Mt. Kare and Lewis properties such that it is carried out during the current fiscal year. The Company had no material commitments for capital expenditures at the end of its most recent fiscal year.

### *Subsequent Event*

Subsequent to the fiscal year ended October 31, 2003, the Company received the results of its diamond drilling program on its Lewis Property in the State of Nevada. These results are discussed above under the heading "Operating Results". In addition, the Company announced that it had, subject to regulatory approval, arranged a brokered private placement of 17,150,000 units at a price of \$0.35 per unit to generate gross proceeds of \$6,002,500. The terms of this placement were subsequently revised to reduce the unit price to \$0.25 per unit as a result of market conditions and the placement closed on May 18, 2004 without all of the units having been placed, to generate gross proceeds of \$763,500.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
MADISON ENTERPRISES CORP.**

***“Chet Idziszek”***

**Chet Idziszek  
Chairman of the Board and Chief Executive Officer**