



**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>JANUARY 31, 2003</b>	<b>2003/03/27</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	2003/03/27
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD
"James G. Stewart"	James G. Stewart	2003/03/27

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

**MADISON ENTERPRISES CORP.**

**QUARTERLY REPORT**

**JANUARY 31, 2003**

**(Unaudited – Prepared by Management)**

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

(expressed in Canadian dollars)

	January 31, 2003 \$ (unaudited)	October 31, 2002 \$
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	357,185	262,096
Marketable securities	7,987	7,987
Accounts receivable	132,316	64,457
Prepaid expenses and deposits	21,000	33,857
	<u>518,488</u>	<u>368,397</u>
Resource properties and deferred costs	41,509,741	41,128,775
Deferred financing costs	-	29,279
Fixed assets	56,445	60,103
	<u>42,084,674</u>	<u>41,586,554</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	149,352	124,397
<b>Shareholders' Equity</b>		
<b>Capital Stock</b>		
Authorized		
100,000,000 common shares without par value		
Issued		
60,741,164 (55,676,585 – October 31, 2002) common shares	53,446,152	52,787,448
Stock options	188,984	30,131
Share purchase warrants	-	1,167,167
Contributed surplus	1,167,167	-
Deficit	(12,866,981)	(12,522,589)
	<u>41,935,322</u>	<u>41,462,157</u>
	<u>42,084,674</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

(expressed in Canadian dollars, unaudited)

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	Three Months Ended January 31, 2003 \$	Three Months Ended January 31, 2002 \$
<b>General and administrative expenses:</b>		
Audit and accounting	4,500	2,200
Bank charges	445	338
Depreciation	3,658	4,900
Filing fees	4,761	2,139
Insurance	3,725	3,623
Legal fees	16,723	7,962
Office and rent	68,215	76,501
Office rent reimbursement	(47,195)	(31,853)
Property exam	-	1,761
Public relations	25,335	22,450
Shareholder information	2,883	-
Stock-based compensation	158,853	-
Transfer agent's fees	1,718	992
Travel	7,415	1,270
Wages	101,395	85,757
	<u>352,431</u>	<u>178,040</u>
<b>Other:</b>		
Interest earned	(3,044)	(4,812)
Foreign exchange (gain) loss	(4,995)	3,883
	<u>(8,039)</u>	<u>(929)</u>
<b>Loss for the period</b>	344,392	177,111
<b>Deficit - Beginning of period</b>	<u>12,522,589</u>	<u>11,844,594</u>
<b>Deficit - End of period</b>	<u>12,866,981</u>	<u>12,021,705</u>
<b>Net loss per share</b>	<u>(0.00)</u>	<u>(0.00)</u>

**Madison Enterprises Corp.**  
**(An exploration stage company)**  
**Consolidated Statements of Cash Flows**

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(expressed in Canadian dollars, unaudited)

	Three Months Ended January 31, 2003 \$	Three Months Ended January 31, 2002 \$
<b>Cash flows from operating activities:</b>		
Loss for the period	(344,392)	(177,111)
Items not affecting cash		
Depreciation	3,658	4,900
Stock-based compensation	158,853	-
Change in non-cash working capital items:		
Increase in accounts receivable	(67,859)	(53,596)
Decrease in prepaid expenses and deposits	12,857	-
Increase (decrease) in accounts payable and accrued liabilities	5,697	(20,966)
	<u>(231,186)</u>	<u>(246,773)</u>
<b>Cash flows from financing activity:</b>		
Capital stock issued for cash	<u>657,408</u>	-
<b>Cash flows from investing activities:</b>		
Expenditures on resource properties	(331,133)	(120,271)
Purchase of fixed assets	-	(298)
	<u>(331,133)</u>	<u>(120,569)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	95,089	(367,342)
<b>Cash and cash equivalents - Beginning of period</b>	<u>262,096</u>	<u>1,127,560</u>
<b>Cash and cash equivalents - End of period</b>	<u>357,185</u>	<u>760,218</u>

**Madison Enterprises Corp.**  
**Notes to Interim Consolidated Financial Statements**  
**For the three months ended January 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 January 31, 2003, the Company had working capital of \$369,136, which, together with the proceeds from the private placement subsequent to the quarter end (note 9), 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 the 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.

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

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**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.

**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	-	10,985	10,985
Assays	643	41,715	42,358
Camp/Office	7,880	167	8,047
Communications	4,780	-	4,780
Contractors-			
Computers/Drafting	-	551	551
Contractors-Surveying	-	365	365
Drilling	-	4,664	4,664
Evaluation of Alluvial Resource	31	-	31
Food Supplies and Catering	4,549	-	4,549
Fuel Supplies	1,018	-	1,018
Geologic Staff	32,700	53,454	86,154
Geological Supplies/Equipment	-	25	25
Helicopter	16,075	-	16,075
Land & Legal	31,524	64,763	96,287
Lawyer Fees	6,345	13,222	19,567
Licence Fees	12,416	-	12,416
Local Labour-Food Rations	1,430	-	1,430
Local Labour-Wages	4,113	-	4,113
Outside Contractors-			
Community Relations	48,352	-	48,352
Port Moresby Office	9,635	-	9,635
Travel & Accommodation	8,990	574	9,564
	<u>190,481</u>	<u>190,485</u>	<u>380,966</u>
Balance, January 31, 2003	<u>40,919,705</u>	<u>590,036</u>	<u>41,509,741</u>

**Madison Enterprises Corp.**  
**Notes to Interim Consolidated Financial Statements**  
For the three months ended January 31, 2003  
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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 100,000,000 common shares without par value.

	Number of Shares	Amount \$
Balance, October 31, 2002	55,676,585	52,787,448
Compensation (a)	105,113	18,750
Exercise of Stock Options	46,000	6,900
Exercise of Warrants	750,000	95,000
Private Placement (b)	4,163,466	538,054
Balance, January 31, 2003	<u>60,741,164</u>	<u>53,446,152</u>

- a) During the period ended January 31, 2003, the Company issued a total of 105,113 common shares, valued at \$18,750, to certain employees and consultants 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 \$538,054 (net of \$24,020 in commission and \$38,426 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.

The shares are subject to a hold period, which expires on March 5, 2003.

- c) During the three months ended January 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.

**Madison Enterprises Corp.**  
**Notes to Interim Consolidated Financial Statements**  
For the three months ended January 31, 2003  
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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 January 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:

	\$
Loss for the period	
Reported	344,392
Pro forma	597,912
Basic and diluted loss per share	
Reported	.00
Pro forma	.01

The fair value of stock options used to calculate compensation expense is estimated using the Black-Scholes option pricing model 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.

**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 three months ended January 31, 2003, and 2002:

	2003	2002
	\$	\$
Legal fees	14,029	6,206
Exploration management and other expenditures on resource assets	19,833	6,206
Share issue costs charged to capital stock	4,515	-

- b) As at January 31, 2003, accounts payable and accrued liabilities include \$10,367 (October 31, 2002 - \$36,356) due to officers of the Company and companies related by way of directors in common.

**Madison Enterprises Corp.**  
**Notes to Interim Consolidated Financial Statements**  
**For the three months ended January 31, 2003**  
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- c) During the three months ended January 31, 2003, the Company recorded reimbursements of \$43,518 (2002 - \$31,853) for rental of office space from companies related by way of directors in common, under rental agreements between the related companies.
- d) During the three months ended January 31, 2003, the Company funded some general and administrative expenses for companies related by way of directors in common. At January 31, 2003, accounts receivable include \$117,689 (October 31, 2002 - \$53,516) due from these related companies.

**7. Supplemental Cash Flow Information**

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

- a) Issued 105,113 common shares, valued at \$18,750 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.

**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**

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 gross proceeds of \$2.2 million. 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 \$175,200, 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.