



**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, 2001</b>	<b>2002/03/08</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	2002/03/08
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD
"James G. Stewart"	JAMES G. STEWART	2002/03/08

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

**SCHEDULE B**

**SUPPLEMENTARY INFORMATION**

**MADISON ENTERPRISES CORP.**  
**SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED OCTOBER 31, 2001**

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

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

**(b) Breakdown of Public Relations & Travel costs:**

Expenses	\$	7,286
Travel		7,286
Investor relations consultants		60,125
Fax charges		291
Internet		2,975
	\$	<u>77,963</u>

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

The following amounts were paid to companies owned by directors:

Legal fees	\$	48,337
Other deferred costs – Lawyer Fees		27,820
Mt. Kare – Lawyer Fees		40,253
Share issue costs		2,675
	\$	<u>119,085</u>

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

See Schedule A – Notes to Consolidated Financial Statements, Note 6.

**MADISON ENTERPRISES CORP.**  
**SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED OCTOBER 31, 2001**

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

Date Granted	Number	Type	Name	Exercise Price	Expiry Date
6-Mar-01	325,000	Director	Abdullah Basodan	\$0.17	6-Mar-06
6-Mar-01	150,000	Director	Douglas Brown	\$0.17	6-Mar-06
6-Mar-01	488,080	Director	Chet Idziszek	\$0.17	6-Mar-06
6-Mar-01	195,000	Director	Donald Kohls	\$0.17	6-Mar-06
6-Mar-01	425,000	Director	David Laudrum	\$0.17	6-Mar-06
6-Mar-01	125,000	Director	Catherine McLeod-Seltzer	\$0.17	6-Mar-06
6-Mar-01	125,000	Director	Robert Sibthorpe	\$0.17	6-Mar-06
6-Mar-01	300,000	Director	James G. Stewart	\$0.17	6-Mar-06
6-Mar-01	299,000	Employee	Nell Dragovan	\$0.17	6-Mar-06
6-Mar-01	225,000	Employee	Jeff Cocks	\$0.17	6-Mar-06
6-Mar-01	50,000	Employee	Max Fugman	\$0.17	6-Mar-06
6-Mar-01	245,000	Employee	David Scott	\$0.17	6-Mar-06
6-Mar-01	55,000	Employee	David Mallo	\$0.17	6-Mar-06
6-Mar-01	25,000	Employee	Douglas Turnbull	\$0.17	6-Mar-06
6-Mar-01	80,000	Employee	Naomi Corrigan	\$0.17	6-Mar-06
6-Mar-01	15,000	Employee	Sherre Lapointe	\$0.17	6-Mar-06
6-Mar-01	10,000	Employee	Peggy Smith	\$0.17	6-Mar-06
6-Mar-01	20,500	Employee	Rose Davidson	\$0.17	6-Mar-06
6-Mar-01	13,000	Employee	Liz Anderson	\$0.17	6-Mar-06
6-Mar-01	10,000	Employee	Elvie Valenzuela	\$0.17	6-Mar-06
6-Mar-01	25,000	Employee	Vern Shein	\$0.17	6-Mar-06
6-Mar-01	20,000	Employee	Austin Bryde	\$0.17	6-Mar-06
6-Mar-01	20,000	Employee	Graham Pople	\$0.17	6-Mar-06
6-Mar-01	20,000	Employee	Colin Campbell	\$0.17	6-Mar-06
6-Mar-01	50,000	Employee	Gerry McArthur	\$0.17	6-Mar-06

**MADISON ENTERPRISES CORP.****SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED OCTOBER 31, 2001****4. (a) Authorized and issued share capital at October 31, 2001**

<u>Class</u>	<u>Par Value</u>	<u>Authorized</u>	<u>Issued</u>	
			<u>Number</u>	<u>Amount</u>
Common	N.P.V.	100,000,000	46,073,006	\$51,916,544

**(b) Summary of options and warrants outstanding at October 31, 2001**

<u>Security</u>	<u>Number or Amount</u>	<u>Exercise or convertible price</u>	<u>Expiry Date</u>
Options	3,315,580	\$0.17	March 6, 2006
Warrants	3,175,000	\$1.00 \$1.50	November 17, 2001 November 17, 2002
Warrants	4,315,578	\$0.90	February 28, 2002
Agent Warrants	847,731	\$0.90	February 28, 2002

**(c) Share in escrow or subject to a pooling agreement as at October 31, 2001**

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

**5. List of Directors and Officers as at March 8, 2002**

<u>Name</u>	<u>Position</u>
Chet Idziszek	Director, Chairman, C.E.O. & President
David Laudrum	Director
James Stewart	Director, Secretary
Dr. Abdullah Basodan	Director
Douglas Brown	Director
Donald Kohls	Director
Catherine McLeod-Seltzer	Director
Robert Sibthorpe	Director

## **SCHEDULE C**

### **MANAGEMENT DISCUSSION**

**MADISON ENTERPRISES CORP.**  
**(the "Company")**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS**

The following discussion of the financial condition, changes in financial condition and results of operations of the Company for the three years ended October 31, 2001 should be read in conjunction with the financial statements of the Company and related notes included therein. The Company's financial statements are in Canadian dollars and are prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"). Note 14 of the financial statements of the Company, as well as "Material Differences Between Canadian and U.S. Generally Accepted Accounting Principles", below, sets forth the differences were such information to be presented in accordance with United States generally accepted accounting principles ("U.S. GAAP").

**Operating Results**

*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.

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. The Company also expects to incur a net operating loss for the fiscal year ending October 31, 2002.

*Fiscal Year Ended October 31, 2000 Compared to Fiscal Year Ended October 31, 1999*

During the fiscal year ended October 31, 2000, the Company recorded interest income of \$170,644. During the fiscal year ended October 31, 1999, the Company recorded interest income of \$147,301. Interest income fluctuates due to the amount of funds on deposit and the rate of interest paid thereon. During the fiscal year ended October 31, 2000, the Company recorded a foreign exchange loss of \$25,167, as compared with \$248,583 in the fiscal year ended October 31, 1999, as a result of currency fluctuations associated with exploration of its Mt. Kare Property.

Expenses for the fiscal year ended October 31, 2000 were \$735,481, down from \$802,461 for the fiscal year ended October 31, 1999. This decrease is primarily due to decreased legal fees, office and rent costs and wages. Legal expenses for the fiscal year ended October 31, 2000 decreased to \$51,112 from \$82,397 for the fiscal year ended October 31, 1999, largely as a result of the level of work related to the negotiation and settlement of the sale agreement under which the Company acquired an additional interest in the Mt. Kare Property during the fiscal year ended October 31, 1999. Public relations expenses rose to \$159,594 in the fiscal year ended October 31, 2000 from \$123,244 in the fiscal year ended October 31, 1999. During the fiscal year ended October 31, 2000, office and rent costs decreased to \$178,361 from \$230,772 for the fiscal year ended October 31, 1999 as a result of cost sharing arrangements as the other companies sharing space with the Company agreed to pay a higher level of rent following renegotiation of the head lease and office costs were reapportioned following a review of work carried out on behalf of those other companies. Wages and other labour costs decreased to \$203,809 for the fiscal year ended October 31, 2000 from \$288,429 for the fiscal year ended October 31, 1999 as a result of the decreased exploration activity of the Company.

The net loss for the fiscal year ended October 31, 2000 was \$590,004 or \$0.01 per share as compared with a net loss for the fiscal year ended October 31, 1999 of \$903,743 or \$0.04 per share.

#### *Fiscal Year Ended October 31, 1999 Compared to Fiscal Year Ended October 31, 1998*

During the fiscal year ended October 31, 1999, the Company recorded interest income of \$147,301. During the fiscal year ended October 31, 1998, the Company recorded property revenue of \$142,436 and interest income of \$299,514. Property revenue was due to management fees from Carpenter Pacific Resources NL ("Carpenter") as a result of the joint venture between the Company and Carpenter on the Mt. Kare Property. 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, 1999 were \$1,280,940, down from \$2,292,553 for the fiscal year ended October 31, 1998. This decrease is primarily due to the cessation of a public relations campaign undertaken by the Company during the fiscal year ended October 31, 1998. During the fiscal year ended October 31, 1999, the Company recorded a foreign exchange loss of \$248,583, as compared with a foreign exchange gain of \$392,474 in the fiscal year ended October 31, 1998, as a result of currency fluctuations associated with exploration of its Mt. Kare Property. Legal expenses for the fiscal year ended

October 31, 1999 increased to \$82,397 from \$62,263 for the fiscal year ended October 31, 1998, largely as a result of the level of work related to the negotiation and settlement of the sale agreement under which the Company acquired an additional interest in the Mt. Kare Property. Public relations expenses fell to \$123,244 in the fiscal year ended October 31, 1999 from \$1,730,646 in the fiscal year ended October 31, 1998 due primarily to the cessation of a public

relations campaign undertaken by the Company during the fiscal year ended October 31, 1998 to assist with respect to the completion of financings undertaken during that fiscal year. During the fiscal year ended October 31, 1999, office and rent costs increased slightly to \$230,772 from \$208,301 for the fiscal year ended October 31, 1998. Wages and other labour costs decreased slightly to \$288,429 for the fiscal year ended October 31, 1999 from \$315,055 for the fiscal year ended October 31, 1998.

The net loss for the fiscal year ended October 31, 1999 was \$903,743 or \$0.04 per share as compared with a net loss for the fiscal year ended October 31, 1998 of \$1,850,603 or \$0.10 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. The Company's principal property, 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 expects 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 reviews annually the carrying value of the Company's interest in each mineral property and where necessary, properties are written down to the estimated recoverable amount determined on a non-discounted basis after giving effect to any property option agreements and cost recovery agreements. Costs relating to properties abandoned are written off when the decision to abandon is made.

While the Company has been successful in raising the necessary funds to finance its exploration activities to date, there can be no assurance that it will be able to continue to do so.

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 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 Mt. Kare Property.

#### *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.

#### *October 31, 2000 Compared to October 31, 1999*

At October 31, 2000, the Company's current assets totalled \$3,063,332 compared to \$2,336,104 at October 31, 1999. The increase is primarily attributable to the sale of share capital. During the same period, total liabilities decreased to \$228,090 from \$868,746, due primarily to the Company's decreased exploration activities on the Mt. Kare Property and the fact that the Company's former joint venture partner had not sent in advance its contribution to the costs of exploration of the Mt. Kare property. As a result of these same factors, working capital was \$2,835,242 at October 31, 2000 as compared with working capital of \$1,467,358 at October 31, 1999. The Company had no long-term debt at either October 31, 2000 or October 31, 1999.

At October 31, 2000, the Company had total assets of \$44,340,619 as compared with \$31,792,346 at October 31, 1999. This increase is due principally to its acquisition of a further 25% interest in the Mt. Kare property.

Share capital as at October 31, 2000 was \$51,700,144, up from \$39,088,378 as at October 31, 1999 due to the issuance of share capital. During the fiscal year ended October 31, 2000, the Company issued 47,170 shares pursuant to the exercise of warrants to generate net proceeds of \$25,000 and 8,631,157 units pursuant to a private placement to generate net

proceeds of \$5,186,766. Each unit was comprised of one common share of the Company and one-half share purchase warrant, each whole warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.70 per share until February 28, 2001 and thereafter at a price of \$0.90 per share until February 28, 2002. The Company also issued 10,000,000 shares recorded at \$7,400,000 in connection with its acquisition of a further 25% interest in the Mt. Kare property.

The Company's largest cash outflow in the fiscal years ended October 31, 2000 and October 31, 1999 was expenditures resulting from its investment in mineral properties, namely its Mt. Kare Property. During the fiscal year ended October 31, 2000, the Company incurred property expenditures of \$3,315,257, compared to \$6,504,282 during the fiscal year ended October 31, 1999. 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, 1999 Compared to October 31, 1998*

At October 31, 1999, the Company's current assets totalled \$2,336,104 compared to \$9,123,109 at October 31, 1998. The decrease is primarily attributable to expenditures resulting from its investment in the Mt. Kare Property. During the same period, total liabilities decreased to \$868,746 from \$1,890,763, due primarily to the cessation of drilling on the Mt. Kare Property. As a result of these same factors, working capital was \$1,467,358 at October 31, 1999 as compared with working capital of \$7,232,346 at October 31, 1998. The Company had no long-term debt at either October 31, 1999 or October 31, 1998.

At October 31, 1999, the Company had total assets of \$31,792,346 as compared with \$32,113,427 at October 31, 1998. This decrease is due principally to general and administrative expenses.

Share capital as at October 31, 1999 was \$39,088,378, up from \$37,483,699 as at October 31, 1998 due to the issuance of share capital. During the fiscal year ended October 31, 1999, the Company issued 3,066,036 units pursuant to a private placement to generate net proceeds of \$1,604,679. Each unit was comprised of one common share of the Company and one share purchase warrant, each warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.53 per share until October 15, 2000 and thereafter at a price of \$0.61 per share until October 15, 2000 as to 2,688,678 warrants and at a price of \$0.80 per share until October 15, 2001 and thereafter at a price of \$0.92 per share until October 15, 2000 as to 377,358 warrants. The Company also issued 23,584 shares as a finder's fee for a deemed amount of \$12,500 in connection with this private placement.

The Company's largest cash outflow in the fiscal years ended October 31, 1999 and October 31, 1998 was expenditures resulting from its investment in mineral properties, namely its Mt. Kare Property. During the fiscal year ended October 31, 1999, the Company incurred property expenditures of \$6,504,282, compared to \$7,113,391 during the fiscal year ended October 31, 1998. 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.

#### **Subsequent Event**

Subsequent to the fiscal year ended October 31, 2001, the Company arranged a non-brokered private placement of 8,700,000 Units at a price of \$0.10 per Unit to generate proceeds of \$870,000. Each Unit will consist of one common share and one half non-transferable share

purchase warrant, each full warrant entitling the purchase of one additional share of the Company at a price of \$0.12 for a period of eighteen months as to 8,000,000 units and at a price of \$0.14 for a period of eighteen months as to 700,000 units.

Canaccord Capital Corp. ("Canaccord") and Bolder Investment Partners Ltd. ("Bolder") have assisted the Company in arranging the private placement and, in consideration thereof, the Company has agreed to pay Canaccord a finder's fee of 8% of the gross proceeds payable half in cash and half in units (\$34,800 and 348,000 units) and has also agreed to issue to Canaccord and Bolder 670,000 and 100,000 brokers warrants, respectively.

The private placement is expected to close before the end of March 2002 and the proceeds from the placement will be used to fund the resumption of exploration on the Company's Mt. Kare gold property in Papua New Guinea.

*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 year ended October 31, 2001 would have been increased by \$409,936 and for the fiscal years ended October 31, 2000 and 1999 would have been reduced by \$3,315,257 and \$6,504,282, respectively.

For financial statement purposes, the Company follows the recommendation of Accounting Principles Board Opinion (APB) 25 in accounting for stock options.

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

***"Chet Idziszek"***  
**Chet Idziszek, President**