

## **MADISON ENTERPRISES CORP.**

(the "Company")

Suite 2000 – 1055 West Hastings Street

Vancouver, BC V6E 2E9

TELEPHONE: (604) 331-8772

### **INFORMATION CIRCULAR**

(As at March 7, 2003, except as indicated)

This information circular is furnished in connection with the solicitation of proxies by the management of Madison Enterprises Corp. (the "Company") for use at the Special and Annual General Meeting of the Company to be held on **April 17, 2003** and at any adjournments thereof. Unless the context otherwise requires, references to the Company include the Company and its subsidiaries. The solicitation will be conducted by mail and may be supplemented by telephone or other personal contact to be made without special compensation by officers and employees of the Company. The cost of solicitation will be borne by the Company.

### **APPOINTMENT OF PROXYHOLDER**

A duly completed form of proxy will constitute the person(s) named in the enclosed form of proxy as the shareholder's proxyholder. The persons whose names are printed in the enclosed form of proxy for the Meeting are officers or Directors of the Company (the "Management Proxyholders").

**A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.**

### **VOTING BY PROXY**

Common shares of the Company (the "Shares") represented by properly executed proxies in the accompanying form will be voted or withheld from voting on each respective matter in accordance with the instructions of the member (the "shareholder") on any ballot that may be called for.

**If no choice is specified and one of the Management Proxyholders is appointed by a shareholder as proxyholder, such person will vote in favour of the matters proposed at the Meeting and for all other matters proposed by management at the Meeting.**

**The enclosed form of proxy also confers discretionary authority upon the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting.** At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

## COMPLETION AND RETURN OF PROXY

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Pacific Corporate Trust Company, 10<sup>th</sup> Floor – 625 Howe Street, Vancouver, British Columbia, V6C 3B8, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

### NON-REGISTERED HOLDERS

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are “non-registered” shareholders because the Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Shares.** More particularly, a person is not a registered shareholder in respect of Shares which are held on behalf of that person (the “Non-Registered Holder”) but which are registered either: (a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP's, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“CDS”)) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Information Circular and the Proxy (collectively, the “Meeting Materials”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and **deliver it to Pacific Corporate Trust Company** as provided above; or
- (b) more typically, be given a voting instruction form **which is not signed by the Intermediary**, and which, when properly completed and signed by the Non-Registered Holder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “proxy authorization form”) which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed

form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Shares which they beneficially own. Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the Management Proxyholders and insert the Non-Registered Holder's name in the blank space provided. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

#### **REVOCABILITY OF PROXY**

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing, including a proxy bearing a later date, executed by the registered shareholder or by his attorney authorized in writing or, if the registered shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. **Only registered shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must, at least 7 days before the Meeting, arrange for their respective Intermediaries to revoke the proxy on their behalf.**

#### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Company is authorized to issue 100,000,000 shares designated as Common Shares without par value (the "common shares"), of which 72,067,164 common shares are issued and outstanding. The holders of common shares are entitled to one vote for each common share held. Holders of common shares of record at the close of business on March 7, 2003 will be entitled to receive notice of and vote at the meeting. The Company has only one class of shares.

To the knowledge of the Directors and senior officers of the Company, no person beneficially owns, directly or indirectly, or exercises control or direction over shares carrying more than 10% of the voting rights attached to all shares of the Company, except the following:

Name	No. of Common Shares Owned or Controlled	Percentage of Outstanding Common Shares
Jipangu Inc. 3-6-9, Kita-Shinagawa Shinagawa-Ku Tokyo, 140-0001, Japan	7,692,310	10.7%

The directors have determined that all Shareholders of record as of the 7<sup>th</sup> day of March, 2003 will be entitled to receive notice of and to vote at the Meeting. Those Shareholders so desiring may be represented by proxy at the Meeting. The instrument of proxy, and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, must be deposited either at the office of the Registrar and Transfer Agent of the Company, Pacific Corporate Trust Company, 10<sup>th</sup> Floor - 625 Howe Street, Vancouver, BC, V6C 3B8 or at the Head Office of the Company at Suite 2000 - 1055 West Hastings Street, Vancouver, BC, V6E 2E9 not less than 48 hours, Saturdays and holidays excepted, prior to the time of the holding of the Meeting or any adjournment thereof.

### **ELECTION OF DIRECTORS**

The Directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Member approval will be sought to fix the number of directors of the Company at **six**.

The Company is required to have an audit committee. Members of this committee are as set out below.

Management of the Company proposes to nominate each of the following persons for election as a Director. Information concerning such persons, as furnished by the individual nominees, is as follows:

Name, Municipality of Residence and Position	Previous Service As a Director	Number of common shares beneficially owned or, directly or indirectly, controlled <sup>(1)</sup>	Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years
ABDULLAH BASODAN Director	December 17, 1997	2,851,533	Private economic consultant since 1999, prior thereto President of Nimir Petroleum Company from 1991 to 2000.
CHET IDZISZEK President, Chairman of the Board, Chief Executive Officer and Director	November 7, 1993	729,053	Geologist; President of Adrian Resources Ltd.
DONALD W. KOHLS Director and Audit Committee Member	November 7, 1993	272,237	Independent geological consultant
CATHERINE McLEOD-SELTZER Director and Audit Committee Member	April 23, 1997	Nil	Financier who has been the President of Pacific Rim Mining Corp. since 1997. Formerly President and C.E.O. of Arequipa Resources Ltd.
ROBERT A. SIBTHORPE Director and Audit Committee Member	July 23, 1996	Nil	Consulting geologist; previously mining analyst for Canaccord Capital Corp. from 1996 to 2001.
JAMES G. STEWART Director and Corporate Secretary	April 23, 1997	7,500	Secretary and General Counsel of Adrian Resources Ltd.

<sup>(1)</sup> Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at March 7, 2003, based upon information furnished to the Company by individual Directors. Unless otherwise indicated, such shares are held directly.

Advance Notice of the Meeting was published pursuant to Section 111 of the Company Act at Vancouver, B.C. on February 18, 2003.

### **EXECUTIVE COMPENSATION**

(Form 41, B.C. Securities Act and Regulations)

During the fiscal year ended October 31, 2002, the Company paid a total of \$242,425 in cash compensation to its directors and officers. This amount does not take account of incentive stock options granted to or exercised by such directors and officers or other non-cash compensation, as more particularly described below. No other funds were set aside or accrued by the Company during the fiscal year ended October 31, 2002 to provide pension, retirement or similar benefits for directors or officers of the Company pursuant to any existing plan provided or contributed to by the Company or its subsidiaries under applicable Canadian laws.

The Company is required, under applicable securities legislation in Canada to disclose to its shareholders details of compensation paid to its executive officers. The following fairly reflects all material information regarding compensation paid to the Company's executive officers which has been disclosed to the Company's shareholders under applicable Canadian law.

### **Cash and Non-Cash Compensation - Executive Officers and Directors**

The Company currently has two executive officers: Chet Idziszek, President and J.G. Stewart, Secretary (the "Named Executive Officers").

The following table sets forth all annual and long term compensation for services in all capacities to the Company for the fiscal years ended October 31, 2002, 2001 and 2000 in respect of the individuals who were, at October 31, 2002, the Named Executive Officers.

#### ***Summary Compensation Table***

Name and Principal Position (a)	Year (b) <sup>(1)</sup>	Annual Compensation			Long Term Compensation			
		Salary (\$) (c)	Bonus (\$) (d)	Other Annual Compensation <sup>(3)</sup> (\$) (e)	Awards		Payouts	
					Securities Under Options granted (#) <sup>(2)</sup> (f)	Restricted Shares or Restricted Share Units (\$) (g)	LTIP Payouts (\$) (h)	All Other Compensation (\$) (i)
Chet Idziszek Chairman of the Board, President and CEO	2002	\$133,125	\$1,000	nil	nil	n/a	n/a	nil
	2001	\$148,594	\$3,000	nil	488,080	n/a	n/a	nil
	2000	\$150,000	\$1,500	nil	83,080	n/a	n/a	nil
J.G. Stewart Corporate Secretary	2002	nil	\$1,000	\$107,300	nil	n/a	n/a	nil
	2001	nil	nil	\$85,500	300,000	n/a	n/a	nil
	2000	nil	nil	\$90,000	nil	n/a	n/a	nil

(1) Fiscal years ended October 31, 2002, 2001 and 2000.

(2) Indicates options granted in each of the fiscal periods shown.

(3) Indicates legal fees paid to Mr. Stewart.

### **Option Grants in Last Fiscal Year**

The Company did not grant any stock options during the fiscal year ended October 31, 2002 to the Named Executive Officers.

### **Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values**

The following table sets forth details of all exercises of stock options during the fiscal year ended October 31, 2002 by the Named Executive Officers and the fiscal year-end value of unexercised options on an aggregated basis:

Name	Securities Acquired on Exercise (#) <sup>(1)</sup>	Aggregate Value Realized (\$) <sup>(2)</sup>	Unexercised Options at Fiscal Year-End (#) <sup>(3)</sup>  Exercisable/ Unexercisable <sup>(5)</sup>	Value of Unexercised In-the-Money Options at Fiscal Year-End (\$) <sup>(3)(4)</sup>  Exercisable/ Unexercisable <sup>(5)</sup>
Chet Idziszek	nil	nil	488,080	nil
J.G. Stewart	nil	nil	300,000	nil

- (1) Number of common shares of the Company acquired on the exercise of stock options.
- (2) Calculated using the average of the high and low prices for a board lot of common shares of the Company on the TSX.
- (3) The figures relate solely to stock options.
- (4) Value of unexercised in-the-money options calculated using the closing price of common shares of the Company on the TSX on October 31, 2002, less the exercise price of in-the-money stock options.
- (5) All such options are currently exercisable.

### **Defined Benefit or Actuarial Plan Disclosure**

The Company does not provide retirement benefits for directors and executive officers.

### **Termination of Employment, Changes in Responsibilities and Employment Contracts**

The Company has not entered into any formal employment agreements with its Named Executive Officer.

### **Long Term Incentive Plan (LTIP) Awards**

The Company does not have a LTIP, pursuant to which cash or non-cash compensation intended to serve as an incentive for performance (whereby performance is measured by reference to financial performance or the price of the Company's securities), and therefore did not make any awards pursuant to a LTIP which were paid or distributed to the Named Executive Officers during the most recently completed financial year.

### **Stock Appreciation Rights**

Stock Appreciation Rights ("SARs") means a right, granted by an issuer or any of its subsidiaries as compensation for services rendered or in connection with office or employment, to receive a payment of cash or an issue or transfer of securities based wholly or in part on changes in the trading price of the Company's shares. No SARs were granted to or exercised by the Named Executive Officer or directors during the most recently completed financial year.

### **Executive Compensation Program**

The Company has no compensation committee. The Company's executive compensation program is administered by the Board of Directors. The Company's executive compensation program is based on a pay for performance philosophy. The executive compensation program is designed to encourage, compensate and reward employees on the basis of individual and corporate performance, both in the short and the long term. Base salaries are set at levels which are below those competitive with the base salaries paid by leading corporations of a size comparable to the Company within the resource industry. However, share ownership opportunities in the form of

incentive stock options are provided to align the interests of executive officers with the longer term interests of members.

Compensation for the Named Executive Officer, as well as for executive officers as a whole, consists of a base salary, along with a longer term incentive in the form of stock options granted. As an executive officer's level of responsibility increases, a greater percentage of total compensation is based on performance (as opposed to base salary and standard employee benefits) and the mix of total compensation shifts towards stock options, thereby increasing the mutuality of interest between executive officers and members.

The Board of Directors has sole discretion to determine the key employees to whom it grants incentive stock options and to determine the terms and conditions of the options. The Board of Directors approves ranges of stock option grants for each level of executive officer based on recommendations of the Compensation Committee. Individual grants are determined by an assessment of an individual's current and expected future performance, level of responsibilities and the importance of the position to the Company.

### **Directors' Compensation**

The Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company or its subsidiaries for their services in their capacity as directors, or for committee participation, or involvement in special assignments during the most recently completed financial year or subsequently up to and including the date of this Information Circular, except that directors are compensated for their actual expenses incurred in pursuance of their duties as directors and certain directors may be compensated for services rendered as consultants or experts. In this regard, J.G. Stewart, the Secretary and a Director of the Company, received \$107,300 for legal services rendered during the last completed fiscal year.

The following did not grant any stock options during the fiscal year ended October 31, 2002 to directors who are not Named Executive Officers of the Company.

The following table sets forth details of all exercises of stock options during the fiscal year ended October 31, 2002 by directors who are not Named Executive Officers of the Company, and the fiscal year-end value of unexercised options on an aggregated basis:

Name (a)	Securities Acquired on Exercise (#) <sup>(1)</sup> (b)	Aggregate Value Realized (\$) <sup>(2)</sup> (c)	Unexercised Options at Fiscal Year-End (#) <sup>(3)</sup> Exercisable/ Unexercisable <sup>(5)(6)</sup> (d)	Value of Unexercised In-the-Money Options at Fiscal Year-End (\$) <sup>(3)(4)</sup> Exercisable/ Unexercisable <sup>(5)</sup> (e)
Abdullah M. Basodan	nil	nil	475,000	nil
Donald W. Kohls	nil	nil	345,000	nil
Catherine McLeod-Seltzer	nil	nil	275,000	nil
Robert A. Sibthorpe	nil	nil	275,000	nil

(1) Number of common shares of the Company acquired on the exercise of stock options.

(2) Calculated using the closing prices on the exercise date for a board lot of common shares of the Company on the TSX.

(3) The figures relate solely to stock options.

- (4) The closing price of common shares of the Company on the TSX on October 30, 2002 was less than the exercise price of the stock options.
- (5) All such options are currently exercisable.
- (6) Options granted during the fiscal year but not exercised.

There were no repricings of stock options held by directors and Named Executive Officers of the Company during the fiscal year ended October 31, 2002.

### **INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS**

None of the directors or senior officers of the Company, no proposed nominee for election as a director of the Company, and no associates or affiliates of any of them, is or has been indebted to the Company or its subsidiaries at any time since the beginning of the Company's last completed financial year.

### **INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS**

No Insider of the Company, no proposed nominee for election as a director of the Company and no associate or affiliate of any of the foregoing, has any material interest, direct or indirect, in any transaction since the commencement of the Company's last financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company or any of its subsidiaries other than as disclosed under the headings "Particulars of Matters to be Acted Upon" .

### **APPOINTMENT OF AUDITOR**

Management proposes that PricewaterhouseCoopers LLP, Chartered Accountants, be appointed as the auditor of the Company for the ensuing year and that the directors be authorized to fix their remuneration. PricewaterhouseCoopers LLP were first appointed the auditor of the Company on October 31, 1998.

### **MANAGEMENT CONTRACTS**

No management functions of the Company are performed to any substantial degree by a person other than the Directors or senior officers of the Company.

### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

None of the directors or senior officers of the Company, no management nominee for election as a director of the Company, none of the persons who have been directors or senior officers of the Company since the commencement of the Company's last completed financial year and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than as disclosed under the headings "Particulars of Matters to be Acted Upon".

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **(a) Stock Options**

During the next year, the Company may grant additional stock options, subject to all necessary regulatory approvals. Under the current policy of the TSX Venture Exchange (the "Exchange"), member approval is not required for the grant of stock options if granted in accordance with the policy. However, such policy requires that any decrease in the exercise price of stock options held by insiders be approved by a majority of the members at the Meeting, excluding insiders and their associates (the "disinterested members"). Therefore, the disinterested members at the Meeting will be asked to authorize the directors in their discretion to amend stock options granted to insiders, subject to all necessary regulatory approvals.

For the purposes hereof, an "insider" is a director or senior officer of the Company, a director or senior officer of a company that is itself an insider or subsidiary of the Company, or a person whose control, or direct or indirect beneficial ownership, or a combination thereof, over securities of the Company extends to securities carrying more than 10% of the voting rights attached to all the Company's outstanding voting securities.

The number of shares under option from time to time and the exercise price of such options, and any amendments thereto, will be and have been determined by the Directors in accordance with the policies of the TSX Venture Exchange.

### **(b) Increase of Authorized Capital and Alteration of Memorandum**

In order to provide sufficient authorized capital for future share capital requirements, members will be asked to pass a special resolution increasing the authorized capital as follows:

“RESOLVED as a special resolution that the Company increase the authorized share capital from 100,000,000 common shares without par value to 300,000,000 common shares without par value and altering the Company's Memorandum accordingly.”

In order to reflect the above-noted proposed change to the Company's authorized capital, the following special resolution will result in the alteration of the Company's Memorandum so that it shall be in the form attached hereto and marked Schedule "A" in order that the Memorandum, as altered, shall at the time of filing comply with the *Company Act* (British Columbia).

### **(c) Other Matters**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

The foregoing contains no untrue statement of material fact (as defined in the Securities Act (Alberta)) and does not omit to state a material fact that is required to be stated or that is necessary to make a statement contained herein not misleading in the light of the circumstances in which it was made.

DATED this 7<sup>th</sup> day of March, 2003.

**BY ORDER OF THE BOARD**

*“Chet Idziszek”*

Chet Idziszek,  
President and Chief Executive Officer

*“James G. Stewart”*

James G. Stewart,  
Chief Financial Officer and Secretary

**Schedule A**

**MEMORANDUM**

**(ALTERED)**

of

**MADISON ENTERPRISES CORP.**

1. The authorized capital of the Company consists of 300,000,000 common shares without par value.