

**Madison Minerals Inc.**

**Interim Consolidated Financial Statements**

**Nine months Ended July 31, 2008**

**(Prepared by Management)**

**Unaudited Interim Financial Statements**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the period ended July 31, 2008.

Madison Minerals Inc.  
(An exploration stage company)  
Consolidated Balance Sheets  
As at

	<b>July 31, 2008</b>	October 31, 2007
	(unaudited)	(audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 1,641,005	\$ 5,511,333
Marketable securities (Note 4)	680,136	2,962,890
Receivables	24,959	61,078
Prepaid expenses and deposits	3,857	3,857
	<b>2,349,957</b>	<b>8,539,158</b>
<b>Resource properties</b> (Note 5)	<b>7,188,004</b>	4,456,861
<b>Advances to contractors</b>	-	35,443
<b>Fixtures and equipment</b> (Note 6)	<b>53,730</b>	19,779
	<b>\$ 9,591,691</b>	<b>\$ 13,051,241</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 248,702	\$ 176,901
Advances from joint venture partner	24,938	951,161
	<b>273,640</b>	<b>1,128,062</b>
<b>Shareholders' Equity</b>		
Capital Stock (Note 7)		
Authorized – an unlimited number of common shares without par value		
Issued		
35,437,076 (October 31, 2007 – 35,437,076) common shares	<b>68,001,686</b>	68,001,686
Contributed surplus	<b>3,657,216</b>	3,482,089
Accumulated other comprehensive loss	<b>(2,724,263)</b>	(441,509)
Deficit	<b>(59,616,588)</b>	(59,119,087)
	<b>9,318,051</b>	<b>11,923,179</b>
	<b>\$ 9,591,691</b>	<b>\$ 13,051,241</b>

**Madison Minerals Inc.**

(An exploration stage company)

**Consolidated Statements of Operations (unaudited)****For the periods**

	<b>Three Months Ended July 31, 2008</b>	Three Months Ended July 31, 2007	<b>Nine months Ended July 31, 2008</b>	Nine months Ended July 31, 2007
<b>Expenses</b>				
Amortization	\$ 17,683	\$ 1,506	\$ 20,595	\$ 4,516
Accounting and audit	52,000	-	80,000	24,536
Consulting	1,988	-	6,036	-
Exploration costs expensed	-	1,457	2,780	3,047
Filing fees	2,250	1,470	19,112	24,267
Insurance	11,456	-	12,393	11,408
Legal fees	3,494	26,633	14,827	48,352
Office and rent	65,409	49,421	164,703	146,521
Office cost reimbursement	(33,995)	(23,597)	(82,226)	(70,397)
Public relations	9,960	56,920	50,037	115,971
Salaries and benefits	100,554	84,820	298,585	264,011
Shareholder information	-	-	1,757	2,572
Stock based compensation	-	-	175,127	-
Transfer agent's fees	1,142	1,529	8,600	11,777
Travel	13,264	(1,289)	15,042	14,923
	<b>(245,205)</b>	<b>(198,869)</b>	<b>(787,368)</b>	<b>(601,504)</b>
<b>Other income</b>				
Interest earned	10,683	56,654	76,916	182,395
Project management fees	55,298	-	99,285	-
Foreign exchange gain (loss)	(11,217)	(11,992)	113,666	(7,137)
	<b>54,764</b>	<b>44,662</b>	<b>289,867</b>	<b>175,258</b>
<b>Loss for the period</b>	<b>(190,441)</b>	<b>(154,207)</b>	<b>(497,501)</b>	<b>(426,246)</b>
Unrealized gain (loss) on marketable securities	(331,398)	2,890	(2,282,754)	28,900
<b>Comprehensive gain (loss) for the period</b>	<b>(521,839)</b>	<b>\$ (151,317)</b>	<b>\$ (2,780,255)</b>	<b>\$ (397,346)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>	<b>35,437,076</b>	<b>35,437,076</b>	<b>35,437,076</b>	<b>35,411,794</b>

# Madison Minerals Inc.

(An exploration stage company)

## Consolidated Statements of Deficit and Accumulated other Comprehensive Income (Loss)

(unaudited)

### For the periods

	<b>Three Months Ended July 31, 2008</b>	Three Months Ended July 31, 2007	<b>Nine months Ended July 31, 2008</b>	Nine months Ended July 31, 2007
<b>STATEMENT OF DEFICIT</b>				
Balance, beginning of period	\$ (59,426,147)	\$ (62,224,730)	\$ (59,119,087)	\$ (61,952,691)
Net income (loss) for period	(190,441)	(154,207)	(497,501)	(426,246)
Balance, end of period	<u>\$ (59,616,588)</u>	<u>\$ (62,378,937)</u>	<u>\$ (59,616,588)</u>	<u>\$ (62,378,937)</u>
<b>STATEMENT OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Balance, beginning of period	\$ (2,392,865)	\$ 57,800	\$ (441,509)	\$ -
Adjustment to opening balance on adoption of standard	-	-	-	31,790
Unrealized gain on marketable securities	-	2,890	-	28,900
Unrealized loss on marketable securities	(331,398)	-	(2,282,754)	-
Balance, end of period	<u>\$ (2,724,263)</u>	<u>\$ 60,690</u>	<u>\$ (2,724,263)</u>	<u>\$ 60,690</u>

# Madison Minerals Inc.

(An exploration stage company)

## Consolidated Statements of Cash Flows

(unaudited)

### For the periods

	<b>Three Months Ended July 31, 2008</b>	Three Months Ended July 31, 2007	<b>Nine months Ended July 31, 2008</b>	Nine months Ended July 31, 2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss for the period	\$ (190,441)	\$ (154,207)	\$ (497,501)	\$ (426,246)
Item not affecting cash				
Amortization	17,683	1,506	20,595	4,516
Stock-based compensation	-	-	175,127	-
Changes in non-cash working capital items				
Increase (decrease) in receivables	10,383	2,461	36,119	11,218
(Decrease) increase in accounts payable and accrued liabilities	87,301	(37,528)	122,014	(143,270)
	<u>(75,074)</u>	<u>(187,768)</u>	<u>(143,646)</u>	<u>(553,782)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net joint venture partner advances received (expended)	(183,474)	-	(926,223)	-
Proceeds from issue of capital stock	-	-	-	33,000
	<u>(183,474)</u>	<u>-</u>	<u>(926,223)</u>	<u>33,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Expenditures on resource properties	(828,821)	(565,014)	(2,745,913)	(1,268,551)
Expenditures on office fixtures	(31,898)	-	(54,546)	-
	<u>(860,719)</u>	<u>(565,014)</u>	<u>(2,800,459)</u>	<u>(1,268,551)</u>
<b>Change in cash and cash equivalents</b>	<b>(1,119,267)</b>	<b>(752,782)</b>	<b>(3,870,328)</b>	<b>(1,789,333)</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>2,760,272</b>	<b>5,916,482</b>	<b>5,511,333</b>	<b>6,953,033</b>
<b>Cash and cash equivalents - End of period</b>	<b>\$ 1,641,005</b>	<b>\$ 5,163,700</b>	<b>\$ 1,641,005</b>	<b>\$ 5,163,700</b>

Supplemental disclosure with respect to cash flows (note 12)

# Madison Minerals Inc.

## Notes to Interim Consolidated Financial Statements

for the nine months ended July 31, 2008

(unaudited)

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

The Company is incorporated in the Province of British Columbia and is in the process of exploring its resource properties. It has not yet determined whether these properties contain ore reserves that are economically recoverable. To date, the Company has not earned significant revenues and is classified as exploration stage.

At July 31, 2008, the Company had working capital of \$2,076,317 (October 31, 2007 – \$7,411,096) which management believes will be sufficient to meet the Company's general and administrative expenses and expenditure commitments on its resource properties for the coming year. If the Company is to advance or develop its mineral properties further, it will be necessary to obtain additional funding. While the Company has been successful in obtaining funding in the past, there can be no assurance that it will be able to do so in the future.

These interim unaudited 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.

The business of exploring resource properties involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable operations. 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 other 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, with the exception of the adoption of the new accounting disclosure standard described in Note 3 and a change to the basis of amortization set out in Note 6, which is not a material change, 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, 2007.

# Madison Minerals Inc.

## Notes to Interim Consolidated Financial Statements

for the nine months ended July 31, 2008

(unaudited)

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### 3. SIGNIFICANT ACCOUNTING POLICIES

With the exception of the adoption of the new accounting disclosure standard described below, and a change to the basis of amortization set out in Note 6, which is not a material change, these interim unaudited consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements of the Company.

#### Adoption of new accounting standard

The Canadian Institute of Chartered Accountants (CICA) has mandated certain new accounting standards which, in the Company's case, have come into effect as of the commencement of its 2007-2008 fiscal year on November 1, 2007. In particular, Section 3862 "Financial instruments – disclosures" of the CICA Handbook (HB 3862) has been adopted by the Company. HB 3862 requires the Company to provide disclosures in its financial statements that enable users to evaluate the significance of financial instruments for the Company's financial position and performance, and to evaluate the nature and extent of risks arising from financial instruments to which the Company is exposed, during the period reported on and at the balance sheet date, and to provide information on how the Company manages those risks. Disclosures required by the adoption of HB 3862 are set out in Notes 4 and 12.

### 4. MARKETABLE SECURITIES

The Company's holdings of marketable securities consist of shares in two public companies whose shares are listed and trade on the TSX Venture Exchange (the Exchange), Buffalo Gold Ltd. ("Buffalo") and Lund Gold Ltd. ("Lund").

	Number of shares	Quoted price end of period	Fair value end of period	Quoted price beginning of period	Fair value beginning of period
Buffalo	3,521,648	\$0.18	\$ 633,896	\$0.82	\$ 2,887,750
Lund	289,000	\$0.16	\$ 46,240	\$0.26	\$ 75,140
			\$ 680,136		\$ 2,962,890

Because these shares trade on the Exchange, published quotations in an active market are available. The company determines the fair value of these holdings based on the closing bid price on the balance sheet date. In accordance with our accounting policies as set out in our annual audited financial statements, each of these holdings is classified as an "available for sale" financial instrument, and increases or decreases in the fair value are credited or charged to "other comprehensive income (loss)" in the statement of operations. During the period, the Company recognized an aggregate comprehensive loss of \$2,282,754 attributable to a decline in fair value of the shares of Buffalo \$2,253,854 and of Lund \$28,900.

Madison Minerals Inc.  
Notes to Interim Consolidated Financial Statements  
for the nine months ended July 31, 2008  
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**5. RESOURCE PROPERTIES AND DEFERRED COSTS**

	Lewis Property, Nevada	Belencillo Property, Panama	Totals
Balance, October 31, 2007	\$ 4,414,539	\$ 42,322	\$ 4,456,861
Acquisition costs	1,248,784	-	1,248,784
Assays	203,646	-	203,646
Camp costs	5,972	-	5,972
Contractors and geologic staff	195,770	-	195,770
Drilling	980,020	-	980,020
Land and Legal	45,926	1,043	46,969
Travel and accommodation	49,982	-	49,982
	2,730,100	1,043	2,731,143
Balance, July 31, 2008	\$ 7,144,639	\$ 43,365	\$ 7,188,004

On December 27, 2007 the parties to the Phoenix Joint Venture exercised their option to purchase the Lewis mineral property by making a cash payment of USD \$2,000,000 together with the first payment of the advance royalty in the cash amount of USD \$60,000. These payments were funded by the Company as to 60 per cent and by Great American Minerals, the joint venture partner, as to 40 per cent.

On April 15, 2008 the Company received notice from Buffalo Gold Ltd. (“Buffalo”), the holder of an option agreement in respect of the Mt. Kare gold project in Papua New Guinea, that a joint venture agreement with initial project interests 60% Buffalo and 40% the Company shall come into force July 14, 2008. This joint venture agreement shall require that the Company contribute its share of joint venture costs after that date, or, alternately, face dilution of its interest. To date no programs or budgets have been adopted under the joint venture agreement. The Company wrote off all its carrying costs in this project during the 2005 fiscal year.

**6. FIXTURES AND EQUIPMENT**

	Net book value October 31, 2008		Written down during period	Additions during period	Amortization during period	Net book value July 31, 2008
	\$	\$	\$	\$	\$	\$
Computer equipment	7,208	(7,208)	2,289	( 76)	2,213	
Furniture and fixtures	8,485	(8,485)	8,435	( 281)	8,154	
Office equipment	3,049	(3,049)	1,622	( 54)	1,568	
Leasehold improvements	1,037	-	42,200	(1,442)	41,795	
	19,779	(18,742)	54,546	(1,853)	53,730	

Commencing June 1, 2008 all computer and office equipment, furniture and fixtures and leasehold improvements are being amortized on a straight line basis over the remaining life of the lease, to May 31, 2013. This change to the basis of amortization is not material to the Company’s financial results.

## Madison Minerals Inc.

### Notes to Interim Consolidated Financial Statements

for the nine months ended July 31, 2008

(unaudited)

#### 7. CAPITAL STOCK AND CONTRIBUTED SURPLUS

The Company's authorized share capital consists of an unlimited number of common shares.

	Number of Shares	Amount	Contributed Surplus
Balance as at October 31, 2007	35,437,076	\$ 68,001,686	\$ 3,482,089
Stock-based compensation – options granted	-	-	120,720
Stock-based compensation – options vested	-	-	54,407
Balance as at July 31, 2008	35,437,076	\$ 68,001,686	\$ 3,657,216

#### 8. STOCK OPTIONS

As at July 31, 2008, the following stock options were outstanding:

Number of Shares	Exercise Price	Expiry Date
20,000	2.30	December 3, 2008
115,000	1.75	March 10, 2009
100,000	0.75	May 27, 2010
500,000	0.38	May 27, 2010
1,687,616	1.10	October 20, 2011
200,000	0.77	April 12, 2012
750,000	0.25	April 14, 2013
3,372,616		

The number of stock options exercisable at July 31, 2008 is 3,322,616.

#### 9. SHARE PURCHASE WARRANTS

As at July 31, 2008, the following share purchase warrants were outstanding and exercisable:

Number of Shares	Exercise Price	Expiry Date
2,841,057	\$ 0.28	October 11, 2008
308,941	\$ 1.20	October 11, 2008
175,700	\$ 1.20	October 11, 2008
3,325,698		

The expiry dates may be accelerated under certain circumstances. The exercise price of the 2,841,057 warrants was amended from \$1.20 during the period.

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Notes to Interim Consolidated Financial Statements  
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**10. RELATED PARTY TRANSACTIONS**

- a) The Company incurred the following expenses with directors and a company related by way of directors in common during the nine months ended July 31, 2008 and 2007:

	2008	2007
	\$	\$
Legal fees	8,650	24,575
Salaries and benefits	163,836	149,767

These legal fees and salaries and benefits have been expensed to operations, capitalized to resource properties or recorded as share issue costs, based on the nature of the expenditures.

- b) As at July 31, 2008, accounts payable and accrued liabilities include \$nil (October 31, 2007 - \$5,932) due to officers of the Company and companies related by way of common directors.
- c) During the nine months ended July 31, 2008, the Company recorded reimbursements of \$82,226 (2007 - \$70,397) for rental of office space from companies related by way of common directors, under rental agreements between the related companies.

**11. SEGMENTED INFORMATION**

The Company has one operating segment being the exploration of mineral properties located in the United States (Note 5). All fixtures and equipment are held in Canada.

**12. FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, marketable securities, receivables, accounts payable and accrued liabilities, and amounts due from or to the joint venture partner. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant credit or interest rate risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The Company's most significant risk arising from its financial instruments is the market risk inherent in its holdings of common share positions in other publicly traded companies, and particularly the market risk in its holding of 3,521,648 shares of Buffalo. Each \$0.01 increase or decrease in the quoted value of Buffalo has the effect of adding or subtracting \$35,216 to or from the Company's comprehensive income. Between the most recent year-end October 31, 2007 and July 31, 2008 the fair value of Buffalo shares diminished by \$0.64 per share for a total charge to comprehensive loss of \$2,253,854. This had the effect of reducing by \$2,253,854 the portion of the Company's working capital reported at the year-end date comprised of its holding of Buffalo shares. To the degree that users of the financial statements consider the Company's holdings of marketable securities as a potential source of cash resources, this market risk is material. There are no derivative securities such as put or call options available in respect of the common shares of Buffalo, limiting the Company's ability to manage this exposure. The Company is exposed to a similar market risk arising from its holding of 289,000 shares in Lund; however, the materiality of the risk is lower, with each \$0.01 increase or decrease in the quoted value of Lund having the effect of adding or subtracting \$2,890 to or from the Company's comprehensive income. The trading price of Buffalo shares ranged from a high of \$0.97 to a low of \$0.17 during the period reported on, and Lund shares ranged from a high of \$0.28 to a low of \$0.15.

# Madison Minerals Inc.

## Notes to Interim Consolidated Financial Statements

for the nine months ended July 31, 2008

(unaudited)

### 12. FINANCIAL INSTRUMENTS (cont'd)

The Company is also exposed to currency risk arising from fluctuations in the exchange rate for the US dollar. The Company holds a portion of its cash in U.S. dollar accounts, and incurs costs and related accounts payable denominated in U.S. dollars. The majority of the Company's expenditures on resource properties, typically its largest cash outflow classification, is incurred in U.S. dollars, and the Company from time to time may hold advances from its joint venture partner denominated in U.S. dollars, although these U.S. dollar advances relate directly to U.S. dollar costs and obligations. The Company engages specialist foreign exchange consultants to advise it on foreign exchange strategy, and currently does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency exchange rates. During the period reported on, the amount of the Company's cash holdings denominated in U.S. dollars ranged from a high of \$2,835,000 to a low of \$204,000, and the value of one U.S. dollar ranged from a high of \$1.04 to a low of \$0.91, a range which represents extraordinary volatility.

### 13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2008	2007
<b>Non-cash operating activities</b>		
Accounts payable incurred for resource property expenditures	\$ (50,213)	\$ (336,295)
Drawdowns of advances to contractors	35,443	-
	<u>\$ (14,770)</u>	<u>\$ (336,295)</u>
<b>Non-cash investing activities</b>		
Resource property expenditures incurred through accounts payable	\$ 50,213	\$ 336,295
Resource property expenditures – drawdown of contractors' advances	(35,443)	-
	<u>\$ 14,770</u>	<u>\$ 336,295</u>

## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED JULY 31, 2008

### Introduction and Overview

Madison Minerals Inc. is a junior mineral exploration company listed on the TSX Venture Exchange under the trading symbol “MMR” and on the U.S. OTC Bulletin Board under the symbol “MMRSF”. Madison’s exploration strategy currently emphasizes gold projects in North America and Papua New Guinea.

Madison is in the business of the acquisition, exploration, exploration management and development of mineral properties, with the primary aim of advancing them to a stage where they can be exploited at a profit. We do not currently have any producing properties and our current operations on our various properties are exploratory searches for mineable deposits of minerals. Prior to and during the nine month period ended July 31, 2008, and to date, Madison has been primarily engaged in the continued exploration of its Lewis Gold Project in Nevada.

This MD&A is dated September 24, 2008 and discloses specified information up to that date. Madison is classified as a “venture issuer” for the purposes of National Instrument 51-102. Our financial statements are prepared in accordance with generally accepted accounting principles applicable in Canada and are expressed in Canadian dollars. The discussion and analysis should be read together with the interim unaudited consolidated financial statements for the nine month period ended July 31, 2008 and related notes attached thereto. The reader should also refer to the annual audited financial statements for the years ended October 31, 2007 and 2006, and the Management Discussion and Analysis for those years.

Throughout this report we refer from time to time to “Madison”, “the Company”, “we”, “us”, “our” or “its”. All these terms are used in respect of Madison Minerals Inc. which is the reporting issuer in this document. *We recommend that readers consult the “Cautionary Statement” on the last page of this report.*

### Overall Performance

The following summarizes the significant events and transactions in our mineral projects during the period.

#### Lewis Gold Project, Nevada

The 2007 program at the Lewis Gold Project concluded in November. On December 13, 2007 and on March 26, 2008 we reported on the results the program, the principal component of which was 9,644 metres of drilling, being 2,303 metres of core drilling in ten holes and 7,341 metres of reverse circulation (RC) drilling in 34 holes. These news releases are accessible on our website [www.madisonminerals.com](http://www.madisonminerals.com) and on SEDAR at [www.sedar.com](http://www.sedar.com) and were summarized in our MD&A for the first fiscal quarter.

Our news release of April 14, 2008 announced the beginning of our 2008 drill program, planned to include 3,000 meters of core drilling at the Virgin Zone designed to complete the drilling necessary to produce a resource estimate for this zone compliant with National Instrument 43-101. We also announced plans for 7,000 meters of reverse circulation (RC) drilling, principally aimed at expanding and delineating the Virgin Zone.

We engaged Lions Gate Geological Consultants to evaluate the geological model and make drill-hole recommendations for the infill drilling program required for the Virgin Zone resource estimate, and we engaged SRK Consulting to carry out the preliminary resource estimate. SRK’s field work towards this estimate commenced in September 2008. Our 2008 drill programs concluded in September 2008, with 17 core holes and 24 RC holes drilled on the Virgin Zone, and nine RC holes testing an existing dump of sulphide material on the property. Assay results from the program are pending. We have also commenced petrographic analysis of drill core from 2007, started our planning for metallurgical testing, and begun the collection of specific gravity data, all of which will be inputs to the 43-101 resource estimate.

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### Mount Kare Gold Project, Papua New Guinea

Madison's original interest in this project is currently held 60 per cent by Buffalo Gold Ltd. ("Buffalo") and 40 per cent by Madison. We reported on Buffalo's plans, and its programs and results through March 2008, in our MD&A for the first fiscal quarter. As set out in Note 5 to our third quarter financial statements, Buffalo has presented Madison with notice that it is electing to bring into effect a joint venture agreement with a commencement date of July 14, 2008, as provided for in our agreements with Buffalo, whereby the initial joint venture interests shall be 60% Buffalo and 40% Madison. Madison is required to contribute its share of joint venture costs after commencement, or, alternately, face dilution of its interest. To date no programs or budgets have been adopted under the joint venture agreement. Madison wrote off all its carrying costs in the Mt. Kare project during its 2005 fiscal year.

As described in note 4 to the July 31, 2008 financial statements, Madison holds 3,521,648 shares of Buffalo.

### Results of Operations

Madison's management believes that the financial measures of a resource exploration company are best portrayed in the statement of cash flows. This statement demonstrates our ability to raise the necessary funding to pursue our exploration targets and to administer the company while doing so. For the three fiscal quarters to July 31, 2008 we drew down cash resources by \$3.87 million, of which \$2.75 million was expended on our 60% interest in the Lewis Gold Project joint venture; an additional net \$926,000 was paid for Lewis project costs out of funds previously advanced by our joint venture partner; and a net \$144,000 was expended on operations. In the comparable 2007 period, cash resources were drawn down by \$1.79 million, principally attributable to significantly lesser expenditures at the Lewis project of \$1.27 million and with a net \$554,000 expended on operations.

Because of the significant financings completed in the third and fourth fiscal quarters of 2006, Madison remains well funded, with net cash resources of \$1.64 million, modest current liabilities and no long term debt.

Excluding the material non-cash charge in Q2 2008 for stock-based compensation expense, for which there was no equivalent in the 2007 fiscal periods, overall administrative costs for 2008 were virtually the same as 2007 levels. Increases in salary and in provisions for audit and accounting costs related to Sarbanes-Oxley compliance were offset by reductions in legal fees and public relations costs. Outside of our operating expenses, we realized significant management fees on the Lewis project and experienced a significant foreign exchange gain (reflecting a weakening U.S. dollar during the period while Madison held net liabilities – advances from the joint venture partner – denominated in U.S. dollars). These gains were offset in part by reduced interest income, from smaller balances invested and during diminishing interest rates. We expect our general level of cash costs to continue during fiscal 2008.

### Summary of Quarterly Results

	Three Months Ended July 31, 2008	Three Months Ended April 30, 2008	Three Months Ended January 31, 2008	Three Months Ended October 31, 2007	Three Months Ended July 31, 2007	Three Months Ended April 30, 2007	Three Months Ended January 31, 2007	Three Months Ended October 31, 2006
Total assets	\$9,591,691	\$10,214,442	\$10,615,638	\$13,051,241	\$9,117,944	\$9,265,565	\$9,421,133	\$9,946,640
Resource properties	7,188,004	6,363,922	6,089,294	4,456,861	3,875,660	3,266,531	3,184,490	2,899,289
Working capital	2,076,317	3,436,453	4,340,583	7,411,096	5,154,572	5,916,401	6,135,601	6,519,673
Shareholders' equity	9,318,051	9,839,890	10,455,227	11,923,179	9,050,431	9,204,637	9,343,301	9,443,677
Revenues	nil	nil	nil	nil	nil	nil	nil	nil
Net income (loss)	(190,441)	(303,212)	( 3,848)	3,259,851	(154,207)	(164,664)	(107,376)	(1,610,106)
Earnings (loss) per share	(0.00)	(0.01)	(0.00)	0.10	(0.01)	(0.01)	(0.00)	(0.06)

## **Discussion**

The operating results of junior exploration companies typically demonstrate wide variations from period to period. These variances arise from fluctuations in such inherently variable costs as stock-based compensation, exploration costs expensed or written down, professional and consulting fees, public relations costs and travel, and in many cases arise from the timing of larger billings. Management of Madison does not believe that meaningful information about our operations can be derived from an analysis of quarterly fluctuations in more detail than presented in the quarterly and annual financial statements.

Significant changes in the Company's key financial data from 2006 to 2008 can be attributed to its equity financings and to exploration expenditures on the Lewis Property in Nevada, and, in the case of the fourth quarter ended October 31, 2007, to the receipt of 3,521,648 shares of Buffalo credited to the statement of operations.

## **Liquidity**

Based on existing cash funds and current liabilities, Madison has sufficient financial resources to meet its share of the cost of the next phases of exploration on the Lewis Property and its general and administrative expenses for the year currently in progress. Readers should also refer to Notes 4 and 12 of the interim financial statements, which set out market risk and its effects on the portion of our working capital made up by marketable securities holdings.

Madison does not currently own or have an interest in any producing resource properties and has not derived any revenues from the sale of resource products in the last three financial years. The Company's exploration activities have been funded through sales of common shares, and we expect that we will continue to be able to utilize this source of financing until we develop cash flow from our operations. There can be no assurance, however, that Madison will be able to obtain required financing in the future on acceptable terms. If such funds are not available or cannot be obtained or are insufficient to cover our costs, Madison could be forced to curtail its exploration activities to a level for which funding can be obtained. In the near term, Madison plans to continue its exploration activities on its currently held properties.

## **Capital Resources**

At July 31, 2008 and to date, Madison has a sufficient cash and working capital position. The 2008 Lewis project joint venture program has a budget of US \$2.5 million, not including the option payment made in December 2007, which as of the date of this report is substantially complete and has been or will be funded 60% by Madison. Our working capital position is adequate to fund this program, and to fund our ongoing general and administrative costs, for the balance of the fiscal year currently in progress.

## **Related Party Transactions**

During the nine months ended July 31, 2008, Madison paid or accrued management salaries and benefits of \$112,336 and \$51,500 to the Chief Executive Officer and to a director, respectively, paid \$8,650 to the law practice of a director, and was reimbursed for office and rent costs of \$82,226 by companies related by way of common directors. At July 31, 2008, there were no accounts payable to any related party.

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the Company and the related parties.

## **Changes in Accounting Policies**

The adoption of a new standard (HB 3862) for accounting disclosure in respect of Madison's financial instruments and the risks pertaining thereto is described in Note 3 to the interim financial statements and in our MD&A for the first fiscal quarter. There were no effects on the company's financial position or results of operations. There were no other material changes to our accounting policies during the nine month period ended July 31, 2008.

### **Change in Accounting Estimates**

On June 1, 2008 the Company commenced a renewed term of its office premises lease for a five year term ending May 31, 2013. The Company also carried out a program of material leasehold improvements, the costs of which were shared with other companies occupying the premises, companies which are related by having a number of directors or senior officers in common. At the time of the commencement of the new lease term, the Company determined that virtually all of its existing computer equipment, furniture and other office equipment had reached the end of their useful lives. Most of these assets had been acquired between 1996 and 1999. Accordingly, as set out in Note 6 to the July 31, 2008 financial statements, we wrote off all the existing carrying costs, net of accumulated depreciation, for a total writedown of \$18,743 charged to amortization expense in accordance with the treatment of changes in accounting estimates set out in Canadian accounting principles, which the expiry of the useful lives of the assets constituted.

### **Future Accounting Policies – Adoption of International Financial Reporting Standards (IFRS) in 2011**

In February 2008 the Accounting Standards Board of the Canadian Institute of Chartered Accountants announced definitively that all public companies in Canada shall be required to prepare their financial statements according to IFRS effective their fiscal year commencing on or after January 1, 2011. In the case of Madison, the adoption of this new framework of generally accepted accounting principles will take effect as of November 1, 2011. Our first reporting under IFRS will be for the fiscal quarter ending January 31, 2012, being the first reporting period following the adoption date applicable to Madison.

IFRS will comprise a widespread alteration of accounting principles, standards and disclosures from those currently in force for Canadian public companies, which are presently defined by Canadian generally accepted accounting principles (GAAP). Madison has begun a process to evaluate the effects on its financial reporting and disclosures which will arise on adopting IFRS, but it is too early in this process to have determined any outcomes.

### **Financial Instruments**

As a result of the adoption of HB 3862, the Company's financial statements are now required to provide in considerable detail the disclosures specified in Form 51-102F1 about financial instruments, and users of this document are referred to notes 3, 4 and 12 in the interim financial statements to which this MD&A applies.

### **Statutory Disclosure**

#### **Information available on SEDAR**

Important additional information about Madison, including news releases and material change reports, is available on the SEDAR website – [www.sedar.com](http://www.sedar.com).

#### **Disclosure by venture issuer without significant revenue**

Analyses of the material components of Madison's general and administrative expenses and of the material components of the acquisition and deferred exploration costs of our mineral properties for the current fiscal year to date are provided in the financial statements to which this MD&A relates.

#### **Outstanding Share Data**

The authorized share capital of the Company is an unlimited number common shares without par value of which 35,437,076 were outstanding at July 31, 2008 and as of the date hereof.

At July 31, 2008 and the date hereof, Madison has warrants outstanding entitling the purchase of 3,149,998 shares at prices of \$0.28 and \$1.20 per share, with expiry date October 11, 2008, as set out in Note 9. The Company recently amended the exercise price of 2,841,057 of these shares to \$0.28 per share as disclosed in our news release of May 27, 2008, and the re-priced warrants are subject to potential accelerated conversion provisions set out in that release, available on our website and on SEDAR.

**Madison Minerals Inc.**

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At July 31, 2008, and the date hereof, we had the following incentive stock options outstanding:

<b>Number of Stock Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
50,000	\$0.42	May 1, 2008
20,000	\$2.30	December 3, 2008
115,000	\$1.75	March 10, 2009
100,000	\$0.75	May 27, 2010
500,000	\$0.38	May 27, 2010
1,687,616	\$1.10	October 20, 2011
200,000	\$0.77	April 27, 2012
750,000	\$0.25	April 14, 2013
<hr/> 3,422,616	<hr/> \$0.74	[weighted average]

Vancouver, British Columbia



September 24, 2008

**Cautionary Statement**

This document contains “forward-looking statements” within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration plans, and our other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, (i) estimates of exploration investment and scope of exploration programs, and (ii) estimates of stock-based compensation expense. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company’s documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks. Readers are advised not to place undue reliance on forward-looking statements.