

**Madison Minerals Inc.**

**Interim Consolidated Financial Statements**

**Three Months Ended January 31, 2009**

**(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 January 31, 2009.

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

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	January 31, 2009	October 31, 2008
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 653,848	\$ 582,179
Marketable securities (Note 4)	48,221	48,221
Due from joint venture partner	54,559	294,847
Other receivables	46,226	107,100
Prepaid expenses and deposits	3,857	3,857
	<u>806,711</u>	<u>1,036,204</u>
<b>Resource properties</b> (Note 6)	<b>7,695,913</b>	<b>7,622,664</b>
<b>Fixtures and equipment</b>	<b>56,401</b>	<b>59,328</b>
	<u>\$ 8,559,025</u>	<u>\$ 8,718,196</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 114,387	\$ 140,182
<b>Shareholders' Equity</b>		
Capital Stock (Note 5)		
Authorized		
60,000,000 common shares without par value		
Issued		
35,437,076 (October 31, 2008 – 35,437,076)		
common shares	68,001,686	68,001,686
Contributed surplus	3,657,216	3,657,216
Accumulated other comprehensive loss	(15,895)	( 15,895)
Deficit	(63,198,369)	(63,064,993)
	<u>8,444,638</u>	<u>8,578,014</u>
	<u>\$ 8,559,025</u>	<u>\$ 8,718,196</u>

Madison Minerals Inc.  
(An exploration stage company)  
Consolidated Statements of Operations  
(unaudited)

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	Three Months Ended January 31, 2009	Three Months Ended January 31, 2008
<b>EXPENSES</b>		
Accounting and audit	\$ 15,500	\$ 9,000
Amortization	3,235	1,456
Consulting	-	2,025
Filing fees	650	2,024
Legal fees	1,349	2,000
Property examination	-	2,780
Office and rent	66,892	47,900
Office rent reimbursements	(43,654)	(23,829)
Public relations	15,304	14,173
Salaries and benefits	83,146	102,290
Transfer agent's fees	1,222	1,422
Travel	568	1,041
	<u>(144,212)</u>	<u>(162,282)</u>
<b>OTHER INCOME</b>		
Interest earned	2,718	44,439
Project management fees	5,980	25,192
Foreign exchange gain (loss)	2,138	88,803
	<u>10,836</u>	<u>158,434</u>
<b>Loss for the period</b>	<b>(133,376)</b>	<b>(3,848)</b>
Unrealized gain (loss) on marketable securities	-	(1,464,104)
<b>Comprehensive gain (loss) for the period</b>	<b>\$ (133,376)</b>	<b>\$ (1,467,952)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>	<b>35,437,076</b>	<b>35,437,076</b>

**Madison Minerals Inc.**

(An exploration stage company)

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

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	<b>Three Months Ended January 31, 2009</b>	Three Months Ended January 31, 2008
<b>STATEMENT OF DEFICIT</b>		
Balance, beginning of period	\$ (63,064,993)	\$ (59,119,087)
Net income (loss) for period	(133,376)	(3,848)
	<hr/>	<hr/>
Balance, end of period	\$ (63,198,369)	\$ (59,122,935)
	<hr/>	<hr/>
<b>STATEMENT OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)</b>		
Balance, beginning of period	\$ (15,895)	\$ (441,509)
Unrealized gain on marketable securities	-	-
Unrealized loss on marketable securities	-	(1,464,104)
	<hr/>	<hr/>
Balance, end of period	\$ (15,895)	\$ (1,905,613)
	<hr/>	<hr/>

Madison Minerals Inc.  
(An exploration stage company)  
Consolidated Statements of Cash Flows  
(unaudited)

	<b>Three Months Ended January 31, 2009</b>	Three Months Ended January 31, 2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (133,376)	\$ ( 3,848)
Item not affecting cash		
Amortization	3,235	1,456
Changes in non-cash working capital items		
Decrease (increase) in receivables	60,874	31,375
Decrease (increase) in amount due from joint venture partner	-	(94,628)
Increase (decrease) in accounts payable and accrued liabilities	(19,500)	2,878
	<u>(88,767)</u>	<u>31,861</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Collection of funds advanced (funds advanced) on behalf of joint venture partner	240,288	(94,628)
Payments made from joint venture partner funds advanced	-	(951,161)
	<u>240,288</u>	<u>(1,045,789)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Expenditures on resource properties	(79,544)	(1,623,654)
Expenditures on fixtures and equipment	(308)	-
	<u>(79,852)</u>	<u>(1,623,654)</u>
<b>Change in cash and cash equivalents</b>	<u>71,669</u>	<u>(2,637,582)</u>
<b>Cash and cash equivalents - Beginning of period</b>	<u>582,179</u>	<u>5,511,333</u>
<b>Cash and cash equivalents - End of period</b>	<u>\$ 653,848</u>	<u>\$ 2,873,751</u>

Supplemental disclosure with respect to cash flows (note 11)

Madison Minerals Inc.  
Notes to Interim Consolidated Financial Statements  
for the three months ended January 31, 2009  
(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 considered to be in the exploration stage.

At January 31, 2009, the Company had working capital of \$692,324 (October 31, 2008 – \$896,022) 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 may become 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 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, 2008.

**3. SIGNIFICANT ACCOUNTING POLICIES**

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.

Madison Minerals Inc.  
Notes to Interim Consolidated Financial Statements  
for the three months ended January 31, 2009  
(unaudited)

**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).

	Number of shares	Fair value per share end of period	Fair value end of period	Fair value per share beginning of period	Fair value beginning of period
Buffalo Gold Ltd.	3,521,648	\$0.01	\$ 35,216	\$0.01	\$ 35,216
Lund Gold Ltd.	289,000	\$0.045	\$ 13,005	\$0.045	\$ 13,005
			\$ 48,221		\$ 48,221

Because these shares trade on the Exchange, published quotations in an active market are available. The company determines the fair value of its holdings of Lund Gold Ltd. ("Lund") 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, the Lund shares are 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 did not recognize any comprehensive gain or loss because the fair value of Lund was the same at the beginning and the end of the period. Effective October 31, 2008 the Company determined that the carrying value of the shares of Buffalo Gold Ltd. ("Buffalo") had become permanently impaired and wrote down the value to \$0.01 per share which it continues to use as the fair value of the Buffalo shares.

**5. 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, 2008	35,437,076	\$ 68,001,686	\$ 3,482,089
Additions in period	-	-	-
Balance as at January 31, 2009	35,437,076	\$ 68,001,686	\$ 3,482,089

Madison Minerals Inc.  
Notes to Interim Consolidated Financial Statements  
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(unaudited)

**6. RESOURCE PROPERTIES AND DEFERRED COSTS**

	Lewis Property, Nevada	Belencillo Property, Panama	Totals
Balance, October 31, 2008	\$ 7,579,299	\$ 43,365	\$ 7,622,664
Advance royalty payment	50,075	-	50,075
Assays	32,613	-	32,613
Contractors and geologic staff	9,135	-	9,135
Land and Legal	1,384	-	1,384
Travel and accommodation	2,304	-	2,304
Adjustment to prior year costs	(22,262)	-	(22,262)
	<u>73,249</u>	<u>-</u>	<u>73,249</u>
Balance, January 31, 2009	\$ 7,652,248	\$ 43,365	\$ 7,695,913

**7. STOCK OPTIONS AND SHARE PURCHASE WARRANTS**

As at January 31, 2009, the following stock options were outstanding:

Number of Shares	Exercise Price	Expiry Date
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
<u>750,000</u>	<u>0.25</u>	<u>April 13, 2013</u>
<u>3,352,616</u>		

The 115,000 options exercisable at \$1.75 per share expired March 20, 2009 unexercised.

As at January 31, 2009, there were no share purchase warrants outstanding:

Madison Minerals Inc.  
Notes to Interim Consolidated Financial Statements  
for the three months ended January 31, 2009  
(unaudited)

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**8. 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, 2009 and 2008:

	2009	2008
	\$	\$
Legal fees	1,000	2,000
Wages and benefits	51,500	52,500

Legal fees and wages and benefits have been expensed to operations, capitalized to resource properties or recorded as share issue costs, based on the nature of the expenditure.

- b) As at January 31, 2009, accounts payable and accrued liabilities include \$nil (October 31, 2008 - \$2,965) due to officers of the Company and companies related by way of common directors.
- c) During the three months ended January 31, 2009, the Company recorded reimbursements of \$43,655 (2008 - \$23,828) for rental of office space received from companies related by way of common directors, under rental agreements between the related companies.

**9. SEGMENTED INFORMATION**

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

**10. FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash and cash equivalents, 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.

*Financial risk factors*

The Company's risk exposures and the impact on its financial instruments are summarized as follows.

*Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Madison Minerals Inc.  
Notes to Interim Consolidated Financial Statements  
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(unaudited)

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**10. FINANCIAL INSTRUMENTS (cont'd...)**

*Liquidity risk*

The Company manages liquidity risk by ensuring that it maintains sufficient liquidity to meet liabilities as they become due. As at January 31, 2009 the Company had cash balances totaling \$653,848 (October 31, 2008 – \$582,179) to settle current liabilities of \$114,387 (October 31, 2008 – \$140,182). Most of the Company's financial liabilities have payment terms of 10 to 30 days and are subject to normal trade terms.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company holds cash balances and has no interest-bearing debt. The Company's cash balances are held in demand deposits with a major Canadian chartered bank. The Company periodically monitors and is satisfied with the credit rating of its bank.

(b) Foreign exchange rate risk

The Company's mineral property costs are incurred predominantly in U.S. dollars and the line items in its statement of operations are incurred predominantly in Canadian dollars, and any future equity raised is expected to be in Canadian dollars. As at January 31, 2009 the Company had balances denominated in U.S. dollars of cash US\$188,823, a receivable of US\$44,127 and accounts payable of US\$318. For each 1% change in the U.S. dollar versus the Canadian dollar a gain or loss of US\$2,326 would arise. Consequently, the Company believes it is not exposed to significant currency risk at this time. The Company has to date elected not to seek protection from adverse changes in foreign exchange rates by such means as hedges, options or futures contracts.

(c) Price risk

The Company is exposed to price risk with respect to equity prices, and in particular to movements in the market price of shares of Lund. Each \$0.01 increase or decrease in the fair value of Lund has the effect of adding or subtracting \$2,890 to or from the Company's comprehensive income. Because the Company has recognized a permanent impairment in the carrying value of the shares of Buffalo, the Company's total exposure to changes in the fair value of Buffalo are limited to \$35,216, being the written-down carrying value. Further writedowns of Buffalo would be charged against the Company's net income.

Madison Minerals Inc.  
Notes to Interim Consolidated Financial Statements  
for the three months ended January 31, 2009  
(unaudited)

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**11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

	2009	2008
<b>Non-cash operating activities</b>		
Accounts payable incurred for resource property expenditures	\$ (6,295)	\$ (19,637)
Drawdowns of advances to contractors	-	35,443
	<u>\$ (6,295)</u>	<u>\$ 15,806</u>
<b>Non-cash investing activities</b>		
Resource property expenditures incurred through accounts payable	\$ 6,295	\$ 19,637
Resource property expenditures – effect of drawdown of contractors’ advances	-	(35,443)
	<u>\$ 6,295</u>	<u>\$ (15,806)</u>

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## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED JANUARY 31, 2009

### **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 its Lewis Gold Project in Nevada, USA.

Madison is in the business of the acquisition, exploration, exploration management and sale of mineral properties, with the primary aim of advancing them to a stage where they can be exploited at a profit. We do not currently have any producing properties and our current operations on our various properties are exploratory searches for mineable deposits of minerals. Since 2005 Madison has been primarily engaged in the continued exploration of the Lewis Gold Project.

This MD&A is dated March 27, 2009 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 consolidated financial statements for the three months ended January 31, 2009 and related notes attached thereto (the “Q1 Financial Statements”). 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 document.*

### **Overall Performance**

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

#### **Lewis Gold Project, Nevada**

On March 19, 2009 we reported results from the 2008 drill program with a news release filed on the SEDAR website at [www.sedar.com](http://www.sedar.com). The program consisted of 17 core holes totalling 3,855 metres and 33 reverse circulation holes totalling 5,567 metres. The target was the central portion of the Virgin Zone and included both in-fill and step-out holes using 30 metre drill spacing. The drilling expanded the Virgin Zone by 100 metres down-dip over a 300 metre strike length. The Virgin Zone remains open along strike to the north and south and down-dip to the west and has been defined over a minimum 750 metre strike length and now 350 metres east-west.

Multi-element ICP analytical results from 2008 confirm a favourable correlation between gold mineralization and silver, lead and zinc values. Significantly higher silver values were encountered in the 2008 drilling. There is an apparent mineral zonation on the property with silver values increasing to the north and west.

Significant gold and silver results from the 2008 drilling compare favourably with previous reported styles and grades of mineralization including high grade mineralized structural intersections, steeply oriented structural mineralization and sub-horizontal lower grade mineralization hosted by favourable Antler stratigraphy.

A program and budget for 2009 is under preparation for consideration by the joint venture partners.

#### **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. Since filing our management discussion and analysis for the fiscal year ended October 31, 2008 there has been no change to the status or plans for this project, for which to date no programs or budgets have been adopted under the joint venture agreement which took effect in July 2008. It remains Madison’s intention that upon presentation of any future programs and budgets for the Mt. Kare project by Buffalo, Madison will elect not to fund its portion and thereby become subject to dilution of its interest below 40 per cent.

As described in note 4 to the Q1 Financial Statements, Madison holds 3,521,648 shares of Buffalo.

## Belencillo Gold Project, Panama

Since filing our management discussion and analysis for the fiscal year ended October 31, 2008 there has been no change to the status or plans for this project.

### Comment on Recent and Current Economic Conditions

Recognizing CSA Staff Notice 51-328 published January 8, 2009, Company management is providing the following views on the current economic environment and the specific matters we have considered in preparing the Q1 Financial Statements and this MD&A. The latter half of 2008 saw dramatic reductions in valuations across many markets, including commodity prices and both senior equities and junior development stage equities. Many companies in our industry have experienced reductions in valuations of 90 per cent or more. Madison's share price on the TSX Venture Exchange between July 1, 2008 and the date of this report has ranged from a high of \$0.22 to a low of \$0.055, with a closing trade price on March 27, 2009 of \$0.09. Our management group has been in the exploration business for many years, and has successfully financed or otherwise maintained companies in good markets, mediocre markets, and in terrible markets such as prevail at this time. We believe, although we of course cannot have any certainty, that we are likely to have access to the capital markets if and when this may be required. We note that every week recently there continues to occur a number of financings for junior companies with experienced technical management and encouraging projects.

We have considered whether the current economic challenges could indicate possible impairment of the carrying values of our resource projects. Following a focused review, we have concluded that conditions suggesting impairment are not present. Among other matters, our news release of March 19, 2009 on the Lewis project portrayed numerous encouraging drill results from the 2008 program.

At this stage of its development, Madison does not generate cash flow and consumes significant cash resources in carrying on its exploration business. Considering management's track record of survival in past difficult markets and the indicated merit of the Lewis project, we have reached our opinion that the Company is likely to be able to continue on a going-concern basis for the current and subsequent fiscal years.

From our point of view, our essential conclusion at this time is to carry on with our business strategy of advancing our projects. The amounts likely to be expended on the Lewis Gold Project for 2009 are expected to be lower than in 2008, reflecting the Company's current cash resources. Simply put, we have no plans to spend what we do not have. We shall remain watchful about market conditions, and are prepared to alter our plans if evidence so leads us.

### Results of Operations – Summary of Quarterly Results

	Three Months Ended January 31, 2009	Three Months Ended October 31, 2008	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
Total assets	\$ 8,559,025	\$ 8,718,196	\$9,591,691	\$10,214,442	\$10,615,638	\$13,051,241	\$9,117,944	\$9,265,565
Resource properties	7,695,913	7,622,664	7,188,004	6,363,922	6,089,294	4,456,861	3,875,660	3,266,531
Working capital	692,524	896,022	2,076,317	3,436,453	4,340,583	7,411,096	5,154,572	5,916,401
Shareholders' equity	8,444,638	8,578,014	9,318,051	9,839,890	10,455,227	11,923,179	9,050,431	9,204,637
Revenues	nil	nil	nil	nil	nil	nil	nil	nil
Net income (loss)	(133,376)	(3,448,405)	(190,441)	(303,212)	( 3,848)	3,259,851	(154,207)	(164,664)
Earnings (loss) per share	(0.00)	(0.10)	(0.00)	(0.01)	(0.00)	0.10	(0.01)	(0.01)

Note 1 – Recovery of mineral costs previously written down is not classified as revenue

### Discussion

The operating results of junior exploration companies typically demonstrate wide variations from period to period. These variances arise from fluctuations in such costs as stock-based compensation, exploration costs expensed or written down, professional and consulting fees, transfer and filing fees, public relations costs and general office expense, and in many cases arise from the timing of larger billings. Management of Madison does not believe that

much 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.

This being said, particular attention should be drawn in fiscal 2007 to the financial statement impact of Madison's disposition of the interest in the Mt. Kare project, which was recognized in the fourth quarter of that year. The shares received from Buffalo were ascribed the fair value of \$3,375,500 before the deduction of certain transaction costs of \$9,619. Because all our costs of the Mt. Kare project had been written down to a zero carrying cost in prior fiscal years, this amount was included as a non-recurring revenue item in our statement of operations during the fourth fiscal quarter. This gave rise, in both the fourth fiscal quarter and for the year as a whole, to the Company showing net income, as opposed to its customary showing of losses. During the 2008 fiscal year, the fair value of the Buffalo shares diminished quarter on quarter, and in the fourth quarter the Company made the determination that these shares had suffered a permanent impairment of value, resulting in a writedown charged to the statement of operations for that quarter of \$3,340,283.

With the exception of these very material non-recurring items recognized in the fourth quarters of fiscal 2007 and 2008, the significant changes in Madison's key financial data over the eight quarters scheduled above can be attributed principally to exploration expenditures on the Lewis Property in Nevada.

Administrative costs for the 2009 first quarter were \$18,000 or 11 per cent lower than in 2008. The net decrease is essentially attributable to lower salary and benefits costs, reflecting reduced activities. A significant increase in rent costs arising from a lease renewal and increase effective June 2008 was entirely offset by increased recoveries from companies which share the premises. Accounting and audit costs increased in response to the cost of compliance with U.S. Sarbanes-Oxley legislation. Decreased interest income reflects the drawdown of financing proceeds for both exploration costs and the cost of exercising the purchase option on the Lewis project, combined with severely reduced interest rates currently available. We expect our general level of costs to continue to reduce during fiscal 2009 as cost-saving measures are being put into effect.

#### *Analysis of cash flows*

Madison's management believes that the financial analysis of a resource exploration company is best focused on the statement of cash flows. This statement demonstrates our ability to raise and maintain the necessary funding to pursue our exploration targets and to administer the company while doing so. For the quarter ended January 31, 2009 we increased our cash resources by a net \$72,000 made up of the following: \$80,000 expended on the Lewis Gold Project; \$89,000 on operations; and a net inflow of \$240,000 in balances with our joint venture partner. In the comparable 2007 period, cash resources decreased by \$2.64 million, principally attributable to \$1.62 million expended on our interest in the Lewis Gold Project and \$1.05 million advanced on behalf of our joint venture partner, offset in part by a net \$32,000 contributed by operations. These two periods are rendered highly non-comparable by the fact that in December 2007 the joint venture made a USD \$2 million payment to exercise the purchase option on the Lewis project, whereas in the current year fiscal quarter, no such payments were required.

Because of balances remaining from significant financings completed in the October 31, 2006 fiscal year, Madison concluded the first 2009 fiscal quarter adequately funded, with net cash resources of \$654,000, \$114,000 in current liabilities and no long term debt.

#### **Liquidity**

Based on its existing working capital, Madison has sufficient funds to meet a restrained level of general and administrative expenses and its share of the probable costs of the next phases of exploration on the Lewis Property for the current fiscal year. Programs and budgets for 2009 for the Lewis Property have not been established as of the date of this report, but these will conform to the funds available. The Company is highly likely to require new placements of its equity capital in order to carry on its business in the next fiscal year commencing November 2009. Although the Company has a long track record of being able to obtain financing in both good markets and bad, there can be no assurance that such placements of new equity will be available on acceptable terms, or at all.

The Company has undertaken a program of reducing general and administrative costs. This is reflected in a reduction of these costs from the level of the comparable period in the prior fiscal year of some \$18,000 or 11 per cent. Further, costs for the first quarter of the current fiscal year are lower by some \$27,000 or 16 per cent from the immediately preceding quarter.

## **Capital Resources**

At January 31, 2009 and to the date of this report, Madison has an adequate cash and working capital position. The partners in the Phoenix Joint Venture have not to date established a 2009 program or budget for the Lewis project; however, any program and budget will be established at a level within the working capital resources available, also taking into account the Company's estimated costs for general and administrative expenses for the 2009 fiscal year. In January 2009 Madison paid on behalf of the joint venture the first anniversary annual advance royalty payment in respect of the Lewis Gold Project in the amount of USD \$70,204 of which Madison's share was 60 per cent. To fulfill the advance royalty commitment at the second anniversary, a payment of approximately the same amount will be required in December 2009. The Company and the joint venture have no other commitments for capital expenditures. The Company has a non-capital commitment for the lease of rental office space as set out in Note 12 to the October 31, 2008 annual audited financial statements, and expects to recover a high proportion of these amounts from related companies as also set out therein. Those companies are well funded.

We also refer readers to our "Comment on Recent and Current Economic Conditions" on page 2 of this document.

## **Related Party Transactions**

During the three months ended January 31, 2009, Madison incurred legal fees of \$1,000 with a company controlled by a director and officer of the Company. We also paid or accrued salaries and benefits of \$34,000 and \$17,500 to the Chief Executive Officer and a director, respectively, and were reimbursed for office rent and related costs of \$43,654 by companies with a number of common directors. As at January 31, 2009, there were no accounts payable to related parties. 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 Standards**

As described in Note 2 to the October 31, 2008 annual audited financial statements, the Company will change the set of accounting principles under which it reports to International Financial Reporting Standards (IFRS) with the transition date of November 1, 2011 and will provide its first financial statements prepared under IFRS in respect of its interim financial statements for the three months ended January 31, 2012. These statements will require comparative amounts determined under IFRS for the prior fiscal year period, which in turn will require, as part of preparing the January 2012 statements, the restatement to conform to IFRS of the Company's prior year balance sheet at October 31, 2010. While the Company has begun assessing and planning its adoption of IFRS in 2011, the complete financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time. The Company has to date determined, among other matters, that it expects to be able to carry forward its principal accounting policies in respect of mineral properties unchanged under IFRS; these are among its most significant accounting policies.

## **Financial Instruments**

Madison's material financial instruments consist of cash, marketable securities, receivables (including amounts receivable from our joint venture partner), and accounts payable. Unless otherwise noted, it is management's opinion that we are not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of our financial instruments is approximately equal to their carrying values. As at January 31, 2009, of our total current assets of \$806,711 the amount of \$228,317 or 28 per cent represented the translated value of U.S. dollar bank holdings, and \$54,559 or seven per cent represented the translated value of advances paid by us on behalf of our joint venture partner denominated in U.S. dollars, exposing the Company, on an accounting basis, to a foreign exchange risk, and to a potential credit risk. At January 31, 2009 we did not have material payable balances denominated in U.S. dollars. Madison has to date not entered into the use of derivative instruments or foreign exchange contracts to hedge against gains or losses arising from foreign exchange fluctuations. We engage specialist foreign exchange consultants to advise on foreign exchange forecasts, trends, and the timing of acquisitions of cash denominated in foreign currencies. Our marketable securities are measured at fair value, based upon the closing bid price at the balance sheet date, with the exception of our holdings of shares of Buffalo Gold which, as of October 31, 2008 we wrote down to the nominal value of \$0.01 per share, reflecting the lack of liquidity inherent in our large holding of Buffalo shares and persistent low market prices for those shares over the past several months.

## 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. The principal component of the reduced general and administrative expenses between fiscal 2008 and 2009 is in salaries and benefits, reflecting reduced activities. Reductions were also achieved in consulting and project evaluation costs, offset in part by higher provisions for audit costs associated with ongoing compliance with U.S. Sarbanes-Oxley legislation.

### 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 January 31, 2009 and the date hereof.

At January 31, 2009 and the date hereof, Madison had no share purchase warrants outstanding.

At January 31, 2009 and the date hereof, we had the following incentive stock options outstanding:

Number of Stock Options	Exercise Price	Expiry Date
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/> <u>3,352,616</u>	<hr/> <u>\$0.79</u>	[weighted average]

Vancouver, British Columbia



March 27, 2009

**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 and other volatility in the financial markets and in the mineral commodities we seek, and operational and political risks. We recommend that users of this document do not place undue reliance on forward-looking statements.