

Madison Minerals Inc.

Interim Consolidated Financial Statements

Three months Ended January 31, 2011

(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, 2011.

Madison Minerals Inc.  
Consolidated Balance Sheets  
As at

	<b>January 31, 2011</b> (unaudited)	October 31, 2010 (audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 259,782	\$ 307,056
Marketable securities (Note 4)	20,230	20,230
Due from joint venture partner	1,327	5,567
Other receivables	63,459	63,116
Prepaid expenses and deposits	7,607	9,482
	<u>352,405</u>	<u>405,451</u>
<b>Resource properties (Note 5)</b>	<b>7,893,042</b>	<b>7,848,051</b>
<b>Fixtures and equipment</b>	<b>30,517</b>	<b>33,753</b>
	<u>\$ 8,275,964</u>	<u>\$ 8,287,255</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 213,422	\$ 180,235
<b>Shareholders' Equity</b>		
Capital Stock (Note 6)		
Authorized		
An unlimited number of common shares without par value		
Issued		
37,406,727 common shares	68,278,644	68,278,644
Contributed surplus	3,658,614	3,658,614
Accumulated other comprehensive loss	( 8,670)	( 8,670)
Deficit	(63,866,046)	(63,821,568)
	<u>8,062,542</u>	<u>8,107,020</u>
	<u>\$ 8,275,964</u>	<u>\$ 8,287,255</u>

Nature and continuance of operations (Note 1)  
Subsequent events (Note 11)

Madison Minerals Inc.  
Consolidated Statements of Operations (unaudited)  
For the periods

	<b>Three months ended January 31, 2011</b>	Three months ended January 31, 2010
<b>Expenses</b>		
Accounting and audit	\$ 9,000	\$ 21,200
Amortization	3,236	3,235
Filing fees	1,488	2,861
Insurance	1,875	-
Investor relations	105	710
Legal fees	6,185	635
Office and rent	933	713
Salaries, fees and benefits	19,837	20,385
Transfer agent's fees	1,735	2,312
	<u>( 44,394)</u>	<u>( 52,051)</u>
<b>Other income</b>		
Interest earned	271	84
Project management fees	121	818
Foreign exchange gain (loss)	( 476)	( 2,184)
	<u>( 84)</u>	<u>( 1,282)</u>
<b>Loss for the period</b>	<b>( 44,478)</b>	<b>( 53,333)</b>
Unrealized gain (loss) on marketable securities (Note 4)	-	( 4,335)
<b>Comprehensive gain (loss) for the period</b>	<b>\$ ( 44,478)</b>	<b>\$ ( 57,668)</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><u>37,406,727</u></b>	<b><u>37,406,727</u></b>

Madison Minerals Inc.

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

(unaudited)

**For the periods**

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	<b>Three months Ended January 31, 2011</b>	Three months Ended January 31, 2010
<b>STATEMENT OF DEFICIT</b>		
Balance, beginning of period	\$ (63,821,568)	\$ (63,581,853)
Net income (loss) for period	( 44,478)	( 53,333)
	<hr/>	<hr/>
Balance, end of period	<b>\$ (63,866,046)</b>	<b>\$ (63,635,186)</b>
 <b>STATEMENT OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)</b>		
Balance, beginning of period	\$ ( 8,670)	\$ ( 5,780)
Unrealized gain on marketable securities	-	( 4,335)
Unrealized loss on marketable securities	-	-
	<hr/>	<hr/>
Balance, end of period	<b>\$ ( 8,670)</b>	<b>\$ ( 10,115)</b>

Madison Minerals Inc.  
Consolidated Statements of Cash Flows  
(unaudited)  
**For the periods**

	<b>Three months Ended January 31, 2011</b>	Three months Ended January 31, 2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ ( 44,478)	\$ ( 53,333)
Items not affecting cash		
Amortization	3,236	3,235
Changes in non-cash working capital items		
Decrease (increase) in receivables	( 343)	( 2,183)
Decrease (increase) in prepaid expense	1,875	-
(Decrease) increase in accounts payable and accrued liabilities	33,187	( 4,828)
	<u>( 6,523)</u>	<u>( 57,109)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net joint venture partner advances received (expended)	<u>4,240</u>	<u>57,192</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Expenditures on resource properties	<u>( 44,991)</u>	<u>( 49,734)</u>
<b>Change in cash</b>	<b>( 47,274)</b>	<b>( 49,651)</b>
<b>Cash - Beginning of period</b>	<b><u>307,056</u></b>	<b><u>536,194</u></b>
<b>Cash - End of period</b>	<b><u>\$ 259,782</u></b>	<b><u>\$ 486,543</u></b>

Madison Minerals Inc.  
Notes to Interim Consolidated Financial Statements  
for the three months ended January 31, 2011  
(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, 2011, the Company had working capital of \$138,983 (October 31, 2010 – \$225,216). Combined with expected proceeds from the two financings announced in March 2011 as set out in Note 11, management believes this will be sufficient to meet the Company's general and administrative expenses and expenditure commitments on its resource properties for the next twelve months. 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, 2010.

**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, 2011  
(unaudited)

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**4. MARKETABLE SECURITIES**

The Company's holdings of marketable securities consist of shares in Lund Gold Ltd. ("Lund"), a public company whose shares are listed on the TSX Venture Exchange (the "Exchange"). Lund is a related party, in that it has a number of directors and senior officers in common with the Company.

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
289,000	\$0.07	\$ 20,230	\$0.07	\$ 20,230

Because these shares are listed on the Exchange, published quotations in an active market are available. The company determines the fair value of its holdings of 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 recognized a comprehensive loss of \$nil per share for a total loss of \$nil.

The Company also holds 3,521,648 shares of Buffalo Gold Ltd., which formerly traded on the Exchange. Trading in the shares of Buffalo Gold Ltd. ("Buffalo") has been suspended on the Exchange, and effective April 30, 2009 the Company wrote down the carrying value of the shares of Buffalo to zero.

**5. RESOURCE PROPERTIES AND DEFERRED COSTS**

	Lewis Property, Nevada
Balance, October 31, 2010	\$ 7,848,051
Advance royalty payment	41,170
Assays and storage	598
Land and Legal	3,223
	44,991
Balance, January 31, 2011	\$ 7,893,042

Madison Minerals Inc.  
Notes to Interim Consolidated Financial Statements  
for the three months ended January 31, 2011  
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**6. 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
Issued and outstanding:			
Balance as at October 31, 2010			
and as at January 31, 2011	37,406,727	\$ 68,278,644	\$ 3,658,614

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

As at January 31, 2011, the following stock options were outstanding:

Number of Shares	Exercise Price	Expiry Date
1,687,616	\$ 1.10	October 20, 2011
200,000	0.77	April 27, 2012
750,000	0.25	April 13, 2013
2,637,616		

As at January 31, 2011, the following share purchase warrants were outstanding:

Number of Shares	Exercise Price	Expiry Date
984,833	\$ 0.25	October 31, 2011
984,833		

**8. 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.

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

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**9. RELATED PARTY TRANSACTIONS**

- a) The Company incurred the following expenses with directors during the three months ended January 31, 2011 and 2010:

	2011	2010
	\$	\$
Directors fees	2,000	3,000
Legal fees	3,850	nil
Salaries and benefits	17,780	16,830

Directors fee, 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 expenditure.

- b) As at January 31, 2011, accounts payable and accrued liabilities include \$142,330 (October 31, 2010 - \$120,700) due to officers of the Company and companies related by way of common directors.

**10. FINANCIAL INSTRUMENTS AND RISKS**

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.

*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.

*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, 2011 the Company had cash balances totaling \$259,782 (October 31, 2010 - \$307,056) to settle current liabilities of \$213,422 (October 31, 2010 - \$180,235). Refer also to Note 11 which describes a financing subsequent to the balance sheet date.

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

*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, 2011 the Company had balances denominated in U.S. dollars of cash US\$27,953 and a receivable of US\$1,324. For each 1% change in the U.S. dollar versus the Canadian dollar a gain or loss of US\$293 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.

**11. SUBSEQUENT EVENTS**

On March 14, 2011 the Company announced a non-brokered private placement of 2,500,000 units of its capital stock at the price of \$0.11 per unit for proceeds of \$275,000. Each unit consists of one common share and one warrant entitling the purchase of an additional share at a price of \$0.15 for a period of two years. On March 30, 2011 the Company announced a non-brokered private placement of 1,000,000 units of its capital stock at the price of \$0.12 per unit for proceeds of \$120,000. Each unit consists of one common share and one warrant entitling the purchase of an additional share at a price of \$0.16 for a period of two years. The latter transaction is subject to closing, including regulatory acceptance.