

MADISON EXPLORATIONS INC.

Form 10-Q

August 14, 2008

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the Quarterly Period Ended June 30, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 000-51302

**MADISON EXPLORATIONS INC.**

(Exact name of small business issuer as specified in its charter)

**Nevada**

(State or other jurisdiction of  
incorporation or organization)

**7389**

(Primary Standard Industrial  
Classification Code Number)

**Pending**

(I.R.S. Employer  
Identification No.)

**1100 E. 29th St., Suite 153,  
North Vancouver, British Columbia,  
Canada,  
V7K 1C2**

(Address of principal executive offices)

**(206) 202-4519**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐  
☒ Non-accelerated filer ☒ Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).  
Yes ☒ No ☐

The number of shares of Common Stock, \$0.001 par value, of the registrant outstanding at August 11, 2008 was  
113,020,000.

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**Statement Regarding Forward-Looking Statements**

*This Form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. The statements contained in this report on Form 10-Q that are not purely historical are forward-looking statements within the meaning of applicable securities laws. Forward-looking statements include statements regarding our expectations, anticipation, intentions, beliefs, or strategies regarding the future. Forward looking statements also include statements regarding fluctuations in the price of gold or certain other commodities, (such as silver, copper, diesel fuel, and electricity); changes in national and local government legislation, taxation, controls, regulations and political or economic changes in the United States or other countries in which we may carry on business in the future; business opportunities that may be presented to or pursued by us; our ability to integrate acquisitions successfully; operating or technical difficulties in connection with exploration or mining activities; the speculative nature of gold exploration, including risks of diminishing quantities or grades of reserves; and contests over our title to properties. All forward-looking statements included in this report are based on information available to us as of the filing date of this report, and we assume no obligation to update any such forward-looking statements. Our actual results could differ materially from the forward-looking statements. Among the factors that could cause actual results to differ materially are the factors discussed in Item 1A of Part II, Risk Factors.*

**PART I.**

**Item 1. Financial Statements.**

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**MADISON EXPLORATIONS, INC.**

(An Exploration Stage Enterprise)

**CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2008**

(UNAUDITED)

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**MADISON EXPLORATIONS, INC.**  
**(An Exploration Stage Enterprise)**  
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**MADISON EXPLORATIONS, INC.**  
**(An Exploration Stage Enterprise)**  
**CONSOLIDATED BALANCE SHEETS**

	June 30, 2008 (unaudited)	December 31, 2007
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 38,097	\$ 5,637
Total assets	\$ 38,097	\$ 5,637
<b>LIABILITIES AND STOCKHOLDERS' (DEFICIT)</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 9,084	\$ 7,221
Notes payable and accrued interest	103,354	61,922
Shareholder loan	561	-
Total current liabilities	\$ 112,999	\$ 69,143
<b>STOCKHOLDERS (DEFICIT)</b>		
Common stock: \$.001 par value; Authorized 500,000,000 shares; Issued and outstanding: 113,020,000 shares June 30, 2008 and December 31, 2007	\$ 113,020	\$ 113,020
Additional paid-in capital	(57,118)	(57,118)
Accumulated other comprehensive income	(7,494)	(7,740)
Accumulated deficit during exploration stage	(123,310)	(111,668)
Total stockholders (deficit)	\$ (74,902)	\$ (63,506)
Total liabilities and stockholders (deficit)	\$ 38,097	\$ 5,637

See Accompanying Notes to Consolidated Financial Statements.

**MADISON EXPLORATIONS, INC.**  
**(An Exploration Stage Enterprise)**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

	Three months ended		Six months ended		June 15, 1998 (inception) to June 30, 2008
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008
Revenues	\$ -	\$ 50,000	\$ -	\$ 50,000	\$ 144,000
Operating expenses					
Exploration and development	\$ -	\$ -	\$ -	\$ 131	\$ 109,040
General and administrative	7,665	6,327	9,905	14,389	145,585
Income (loss) before other expense	(7,665)	43,673	(9,905)	35,480	(110,625)
Other expense	871	837	1,737	1,662	12,685
Net income (loss)	\$ (8,536)	\$ 42,836	\$ (11,642)	\$ 33,818	\$ (123,310)
Net income (loss) per share, basic and diluted	\$ (0.00)	\$ 0.00	\$ (0.00)	\$ 0.00	
Average number of shares of common stock outstanding	113,020,000	113,020,000	113,020,000	113,020,000	

See Accompanying Notes to Consolidated Financial Statements.



**MADISON EXPLORATIONS, INC.**  
**(An Exploration Stage Enterprise)**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)**  
**(UNAUDITED)**

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit During Exploration Stage	Total
June 15, 1998, issue common stock	53,750,000	\$ 53,750	\$ (53,320)	\$ -	\$ -	\$ 430
Net (loss), December 31, 1999		-	-	-	-	-
Balance, December 31, 1999	53,750,000	\$ 53,750	\$ (53,320)	-	\$ -	\$ 430
Net (loss), December 31, 2000		-	-	-	-	-
Balance, December 31, 2000	53,750,000	\$ 53,750	\$ (53,320)	\$ -	\$ -	\$ 430
Net (loss), December 31, 2001		-	-	-	-	-
Balance, December 31, 2001	53,750,000	\$ 53,750	\$ (53,320)	\$ -	\$ -	\$ 430
Net (loss), December 31, 2002		-	-	-	-	-
Balance, December 31, 2002	53,750,000	\$ 53,750	\$ (53,320)	\$ -	\$ -	\$ 430
Net (loss), December 31, 2003		-	-	-	-	-
Balance, December 31, 2003	53,750,000	\$ 53,750	\$ (53,320)	\$ -	\$ -	\$ 430
Issuance of common stock for cash	59,070,000	59,070	(58,598)			472
June 14, 2004 forward stock split 5000:1						
Capital contribution			5,000			5,000
Foreign currency adjustments				(2,554)		(2,554)
Net (loss), December 31, 2004		-	-	-	(49,088)	(49,088)
Balance, December 31, 2004	112,820,000	\$ 112,820	\$ (106,918)	\$ (2,554)	\$ (49,088)	\$ (45,740)

Foreign currency adjustments				(444)		(444)
Net (loss), December 31, 2005	-	-	-	(48,720)	(48,720)	
Balance, December 31, 2005	112,820,000	\$	112,820	\$ (106,918)	\$ (2,998)	\$ (97,808) \$ (94,904)
Issuance of common stock for cash	200,000		200	49,800		50,000
Foreign currency adjustments				(1,297)		(1,297)
Net (loss), December 31, 2006	-	-	-	(38,511)	(38,511)	
Balance, December 31, 2006	113,020,000	\$	113,020	\$ (57,118)	\$ (4,295)	\$ (136,319) \$ (84,712)
Foreign currency adjustments				(3,445)		(3,445)
Net income, December 31, 2007	-	-	-	24,651	24,651	
Balance, December 31, 2007	113,020,000	\$	113,020	\$ (57,118)	\$ (7,740)	\$ (111,668) \$ (63,506)
Foreign currency adjustments				246	-	246
Net (loss), June 30, 2008					(11,642)	(11,642)
Balance, June 30, 2008	113,020,000	\$	113,020	\$ (57,118)	\$ (7,494)	\$ (123,310) \$ (74,902)

See Accompanying Notes to Consolidated Financial Statements.

**MADISON EXPLORATIONS, INC.**  
**(An Exploration Stage Enterprise)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

	Six Months Ended		June 15, 1998
	June 30,	June 30,	(inception) to
	2008	2007	June 30,
			2008
<b>Cash Flows From</b>			
<b>Operating Activities</b>			
Net income (loss)	\$ (11,642)	\$ 33,818	\$ (123,310)
Adjustments to reconcile net loss			
to cash used in operating activities:			
Changes in assets and liabilities			
(Increase) in deposits	-	4,290	-
(Increase) in prepaid expenses	-	(49)	-
Increase (decrease) in accounts payable and accruals	1,863	1,800	9,084
Increase in deferred revenue	-	(50,000)	-
Net cash used in			
operating activities	\$ (9,779)	\$ (10,141)	(114,226)
<b>Cash Flows From</b>			
<b>Investing Activities</b>			
Net cash provided used in			
investing activities	\$ -	\$ -	-
<b>Cash Flows From</b>			
<b>Financing Activities</b>			
Issuance of common stock	\$ -	\$ -	\$ 113,020
Capital contribution	-	-	(57,118)
Officer loans and advances	561	(1,776)	561
Notes payable	41,431	1,000	103,354
Net cash provided by (used in)			
financing activities	\$ 41,992	\$ (776)	\$ 159,817
Effect of exchange rate changes on cash and			
cash equivalents	\$ 247	\$ (945)	\$ (7,494)
Net increase (decrease)			
in cash	\$ 32,460	\$ (11,862)	\$ 38,097
Cash, beginning of period	5,637	20,422	-
Cash, end of period	\$ 38,097	\$ 8,560	\$ 38,097

See Accompanying Notes to Consolidated Financial Statements



MADISON EXPLORATIONS, INC.  
(An Exploration Stage Enterprise)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Interim Reporting

While the information presented in the accompanying interim six months consolidated financial statements is unaudited, it includes all adjustments, which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented in accordance with accounting principles generally accepted in the United States of America. These interim financial statements follow the same accounting policies and methods of their application as the Company's December 31, 2007 annual consolidated financial statements. All adjustments are of a normal recurring nature. It is suggested that these interim financial statements be read in conjunction with the Company's December 31, 2007 annual financial statements. Operating results for the six months ended June 30, 2008 are not necessarily indicative of the results that can be expected for the year ended December 31, 2008.

Note 2 Nature and Continuance of Operations

The Company was incorporated on June 15, 1998 in the State of Nevada, USA and the Company's common shares are publicly traded on the OTC Bulletin Board.

The Company is in the business of diamond exploration. Management plans to further evaluate, develop and exploit their interests in diamond mineral properties.

These interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next twelve months. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At June 30, 2008 the Company had not yet achieved profitable operations, has accumulated losses of \$123,310 since its inception and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management has no formal plan in place to address this concern but considers that the Company will be able to obtain additional funds by equity financing and/or related party advances, however there is no assurance of additional funding being available.

MADISON EXPLORATIONS, INC.  
(An Exploration Stage Enterprise)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Nature and Continuance of Operations

a) Recent Accounting Pronouncements

In May, 2008, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 163, Accounting for Financial Guarantee Insurance Contracts an interpretation of FASB Statement No. 60 (SFAS 163). This Statement requires that an insurance enterprise recognize a claim liability prior to an event of default (insured event) when there is evidence that credit deterioration has occurred in an insured financial obligation. This Statement also clarifies how Statement 60 applies to financial guarantee insurance contracts, including the recognition and measurement to be used to account for premium revenue and claim liabilities. Those clarifications will increase comparability in financial reporting of financial guarantee insurance contracts by insurance enterprises. This Statement requires expanded disclosures about financial guarantee insurance contracts. The accounting and disclosure requirements of the Statement will improve the quality of information provided to users of financial statements. This Statement is effective for financial statements issued for fiscal years beginning after December 15, 2008, and all interim periods within those fiscal years, except for some disclosures about the insurance enterprise's risk-management activities. This Statement requires that disclosures about the risk-management activities of the insurance enterprise be effective for the first period (including interim periods) beginning after issuance of this Statement. Except for those disclosures, earlier application is not permitted. The adoption of this statement will have no material effect on the Company's financial condition or results of operations.

In May, 2008, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 162, The Hierarchy of Generally Accepted Accounting Principles (SFAS No. 162). This Statement identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (GAAP) in the United States (the GAAP hierarchy). The sources of accounting principles<sup>1</sup> that are generally accepted are categorized in descending order of authority as follows:

- a. FASB Statements of Financial Accounting Standards and Interpretations, FASB Statement 133 Implementation Issues, FASB Staff Positions, and American Institute of Certified Public Accountants (AICPA) Accounting Research Bulletins and Accounting Principles Board Opinions that are not superseded by actions of the FASB
- b. FASB Technical Bulletins and, if cleared<sup>2</sup> by the FASB, AICPA Industry Audit and Accounting Guides and Statements of Position
- c. AICPA Accounting Standards Executive Committee Practice Bulletins that have been cleared by the FASB, consensus positions of the FASB Emerging Issues Task Force (EITF), and the Topics discussed in Appendix D of *EITF Abstracts* (EITF D-Topics)

MADISON EXPLORATIONS, INC.  
(An Exploration Stage Enterprise)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Nature and Continuance of Operations    Cont d

a) Recent Accounting Pronouncements    Cont d

d. Implementation guides (Q&As) published by the FASB staff, AICPA Accounting Interpretations, AICPA Industry Audit and Accounting Guides and Statements of Position not cleared by the FASB, and practices that are widely recognized and prevalent either generally or in the industry.

The adoption of this statement will have no material effect on the Company's financial condition or results of operations.

In March 2008, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities" an amendment of FASB Statement No. 133 (SFAS No. 161). This statement changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. This Statement is intended to enhance the current disclosure framework in Statement 133. The Statement requires that objectives for using derivative instruments be disclosed in terms of underlying risk and accounting designation. This disclosure better conveys the purpose of derivative use in terms of the risks that the entity is intending to manage. Disclosing the fair values of derivative instruments and their gains and losses in a tabular format should provide a more complete picture of the location in an entity's financial statements of both the derivative positions existing at period end and the effect of using derivatives during the reporting period. Disclosing information about credit-risk-related contingent features should provide information on the potential effect on an entity's liquidity from using derivatives. Finally, this Statement requires cross-referencing within the footnotes, which should help users of financial statements locate important information about derivative instruments.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160 ("SFAS 160"), "Noncontrolling Interests in Consolidated Financial Statements", this statement requires that the ownership interests in subsidiaries held by parties other than the parent be clearly identified, labeled, and presented in the consolidated statement of financial position within equity, but separate from the parent's equity. The amount of consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated statement of income. Changes in a parent's ownership interest while the parent retains its controlling financial interest in its subsidiary be accounted for consistently. A parent's ownership interest in a subsidiary changes if the parent purchases additional ownership interests in its subsidiary or if the parent sells some of its ownership interests in its subsidiary. It also changes if the subsidiary reacquires some of its ownership interests or the subsidiary issues additional ownership interests. All of those transactions are economically similar, and this Statement requires that they be accounted for similarly, as equity.

MADISON EXPLORATIONS, INC.  
(An Exploration Stage Enterprise)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Nature and Continuance of Operations    Cont d

a) Recent Accounting Pronouncements    Cont d

transactions. When a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary be initially measured at fair value. The gain or loss on the deconsolidation of the subsidiary is measured using the fair value of any noncontrolling equity investment rather than the carrying amount of that retained investment. Entities provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. This Statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). Earlier adoption is prohibited. The effective date of this Statement is the same as that of the related Statement 141(R)

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141R, Business Combinations , (SFAS No. 141R ). This statement changes the accounting for business combinations. Under this statement, an acquiring entity is required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. This statement changes the accounting treatment and disclosure for certain specific items in a business combination. This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Accordingly, any business combinations we engage in will be recorded and disclosed following existing generally accepted accounting principles (GAAP) until January 1, 2009. We expect SFAS No. 141R will have an impact on accounting for business combinations once adopted but the effect is dependent upon acquisitions at that time.

b) Concentration of Credit Risks

The Company maintains its cash in bank deposit accounts, the balances of which, at times, may exceed Federal insurance limits. Exposure to credit risk is reduced by placing such deposits with major financial institutions and monitoring their credit ratings.



MADISON EXPLORATIONS, INC.  
(An Exploration Stage Enterprise)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Nature and Continuance of Operations    Cont d

c) Impairments of Long Lived Assets

Impairment losses on long-lived assets, such as mining claims, are recognized when events or changes in circumstances indicate that the undiscounted cash flows estimated to be generated by such assets are less than their carrying value and, accordingly, all or a portion of such carrying value may not be recoverable. Impairment losses are then measured by comparing the fair value of assets to their carrying amounts.

d) Foreign Currency Translation and Transactions

The functional currency of the Company's operations is Canadian dollars. The assets and liabilities arising from these operations are translated at current exchange rates and related revenues and expenses at the exchange rates in effect at the time the revenue or expense is incurred. Resulting translation adjustments, if material, are accumulated as a separate component of accumulated other comprehensive income in the statement of stockholders' deficiency while foreign currency transaction gains and losses are included in operations.

The Company recorded a foreign currency (gain) loss of \$nil during the three months and six months ended June 30, 2008 and 2007, respectively.

e) Mining Costs

Exploration and evaluation costs are expensed as incurred. Management's decision to develop or mine a property is based on an assessment of the viability of the property and the availability of financing. The Company will capitalize mining exploration and other related costs attributable to reserves when a definitive feasibility study establishes proven and probable reserves. Capitalized mining costs will be expensed using the unit of production method and will also be subject to an impairment assessment.

f) Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary. All significant inter-company balances and transactions have been eliminated.

MADISON EXPLORATIONS, INC.  
(An Exploration Stage Enterprise)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Nature and Continuance of Operations    Cont d

g) Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3. Stockholders' Equity (Deficit)

Net loss per common share

Net loss per share is calculated in accordance with SFAS No. 128, Earnings Per Share. The weighted-average number of common shares outstanding during each period is used to compute basic loss per share. Diluted loss per share is computed using the weighted averaged number of shares and dilutive potential common shares outstanding. Dilutive potential common shares are additional common shares assumed to be exercised.

The Company has no warrants or options outstanding at June 30, 2008 or December 31, 2007.

Note 4. Notes Payable

The Company has a note payable in the amount of \$25,000 from Pale Face Holdings, Ltd. The note provides for interest payable at 8% annually. Accrued interest on the note payable was \$6,797 as at June 31, 2008 and \$5,797 for the year ended December 31, 2007. The note payable balance including accrued interest was \$31,797 and \$29,797 at June 30, 2008 and June 30, 2007, respectively.

Two former officers of the Company have advanced funds to the Company to continue ongoing operations. On June 25, 2004, two former officers executed demand notes at 5% interest for \$15,000 in CAD (\$15,563 USD) each. Interest on the notes payable for the six months ended June 30, 2008, was \$738 and \$662 for the six months ended June 30, 2008 and 2007. As of June 30, 2008 and December 31, 2008, the former officer advances were \$31,556 and \$31,125. Effective June 30, 2007 the debt to the officers was sold to Paleface Holdings and is included with the Notes Payable at June 30, 2008 and December 31, 2007.

MADISON EXPLORATIONS, INC.  
(An Exploration Stage Enterprise)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Notes Payable Cont d

On April 7, 2008, the Company entered into a non-interest bearing, \$40,000 promissory note that is due on demand and may be convertible in whole or portion thereof, into common stock of the Company at \$0.01 per share.

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**Item 2. Management's Discussion and Analysis or Plan of Operations**

The following discussion provides information that we believe is relevant to an assessment and understanding of the results of operations and financial condition of our company. It should be read in conjunction with the Financial Statements and accompanying Notes.

**Plan of Operation****GEOLOGICAL REPORT: SOUTHERN SASKATCHEWAN**

The Company has several specific exploration objectives:

- (1) To locate one or more Kimberlite/Lamproite pipes, dykes or sills;
  - (2) To determine whether the Kimberlite/Lamproite contains Diamonds; and
  - (3) To determine if the diamond-bearing pipe could be the source of an economically viable mine.
- Even if the Company locates Kimberlite, the finding of diamonds in Kimberlite is rare and the finding of a commercial grade of diamonds is rarer.

We believe that exploration is by its very nature is evolutionary. Each subsequent step is based on the foundation established by previous results. Even then, diverse factors affect the process. Weather and seasons influence when work can be commissioned. Previous results determine the direction for future exploration and the availability of funds dictates what work can be budgeted for each phase of exploration.

The Company has completed its initial phase of work on the Scout Lake properties and now intends to continue the initial phase of work on some of its other properties in the Wood Mountain District. The results at our Scout Lake properties do not warrant spending further time and money at this location.

Phase one work should consist of a ground magnetometer survey at approximately 500 meter line-spacing. At the same time, surface samples should be taken of till for heavy mineral evaluation. About 50 samples would cover the grid area satisfactorily. If results warrant, a few lines of gravimetric surveying could be done. Two or three RC drill holes (about 500 meter) would then test the anomaly.

**Phase 1 - Initial Wood Mountain Evaluation**

- Ground Magnetometer - 1 month Instrument Rental	1,800
- 50 Sample Collections - Processing @ \$50 each	2,500
- Gravimetric Survey - Instrument Rental	600
- Chemical Analysis - 50 @ \$10 each	500
- Personnel - Geologist 2 weeks @ \$300/day	4,200
- Personnel - Assistant 2 weeks @ \$200/day	2,800
- Accommodation - \$100/day x 2	2,800
- Transportation - Truck Rental, Maintenance	2,000
Engineering & Supervision	
- Engineering & Supervision	2,000
- Contingencies approximately 5%	900
Phase 1 Total	\$ 20,100

## Phase Two - Regional Program

The regional program of exploration is being proposed to locate kimberlite diatremes. At present, we have regional to detailed heavy mineral anomalies and regional to detailed magnetic anomalies. Unfortunately, the heavy mineral dispersion is too widespread and the magnetic anomalies are too numerous to allow reasonable drill target selection. The following systematic approach may help us to alleviate this problem:

### Regional Structural Study

Kimberlite pipe emplacement is governed by deep-seated structures that penetrate stable Archean Cratons and allow the rapid rise of lower mantle ultramafic magmas through diamond-bearing strata. Some of the major structures in southern Saskatchewan are known, but it appears that a satellite imagery interpretation, in particular of radar data, would be of value to us.

### Regional Heavy Mineral Study

Heavy mineral data is already available to us from the government and other available for purchase proprietary surveys. However, a large proportion of the area of our interest remains without data.

It is proposed that a detailed heavy mineral survey be conducted over the area with one sample being taken per township to start. The usual method of processing heavy mineral samples, which includes, washing, sizing, gravity separation by jig, tables or heavy liquids, microscopic hand-picking and microprobe analysis would be prohibitively expensive. Therefore, the following processing methodology is suggested:

- (a) Sample till or stream sediments (about 20 kg).
- (b) Wash and sieve sample in the field or nearby portable equipment to obtain a clean, sized fraction suitable for hydrosizing.
- (c) Use a laboratory-sized elutriator (hydrosizer) to obtain a sized, heavy mineral fraction. Adjust density to retain all indicator minerals.
- (d) Analyze for chromium and nickel and other trace elements by total fusion and ICP. This will provide an indicator for ultramafic rocks.
- (e) Plot results and evaluate for trends.
- (f) Some detailed HM testing, - microprobing grain-picking.

### Wood Mountain Formation Study

Heavy minerals including standard indicator minerals and micro-diamonds have been recovered from the unconsolidated sand and gravel deposits of the Wood Mountain formation. We believe that a heavy mineral study of this formation and a paleo-current study should be undertaken. The samples should be processed in the same manner as in the "Regional Heavy Mineral Study."

### Compilation of Geophysical Data

- (a) Aeromagnetic
- (b) Ground magnetic
- (c) Gravimetric
- (d) Seismic

### G.I.S. Compilation of all Data

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A G.I.S. (Geographic Information Systems) compilation of the following data should be undertaken in order to select the best drill targets:

- (a) Bedrock Geology
- (b) Surficial Geology (i.e. land surface to approximately 5 feet below)
- (c) Our HM Surveys
- (d) Government surveys
- (e) Federal-provincial geochem and HM
- (f) Aeromagnetic Data surveys
- (g) Gravity Data
- (h) Seismic Data
- (i) Ground Magnetic Data
- (j) Cratonic Age Data
- (k) Satellite Radar Imagery Interpretation

### Phase 2 - Regional Program

Regional Structural Study	
- Satellite Photos - 10 @ \$200 each	2,000
- Interpretation - 10 hours @ \$500	5,000
- Digitizing	3,000
Regional Heavy Mineral Study	
- Sample collection - 600 samples @ \$15 each	9,000
- Vehicle - FWD - 3 months @ \$2,000/month	6,000
- Detail Sample Collection - 1000 samples @ \$15 each	15,000
- Initial Processing	24,000
- Washer/Sieve rental - 3 months @ \$2,000/month	6,000
- Sample Bags - 1,600 20Kg bags @ \$1 each	1,600
- Sample Bags - 1,600 2Kg bags @ \$1 each	1,600
- Elutriation (Hydraulic Separation of HM) - 1600 @ \$18.75 each	30,000
- ICP (Induced Coupled Polarization) (total) - 1600 @ \$10 each	16,000
- Digitizing	3,000
Regional Surficial Geology Study	
- Data Interpretation	4,000
- Digitizing	3,000
Compilation of Geophysical Data	
- Data Collection	2,500
- Data Interpretation	5,000
- Digitizing	4,000

## G.I.S. Compilation

- Additional Data Collection	5,000
- Data Interpretation	5,000
- Digitizing	5,000

## Engineering &amp; Supervision

- Engineering & Supervision	15,000
- Contingencies approximately 5%	7,800

Phase 2 Total	\$	178,500
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## Phase Three - Drilling and Confirmation

The goal of this phase will be to locate anomalous areas by the use of ground magnetic surveys, and to prioritize each for test drilling.

Gravimetric Surveys will be completed over the ground magnetic anomalies - 1 or 2 lines per anomaly. Test Drilling will then be conducted to test the best targets.

## Phase 3 - Drilling and Confirmation

## Ground Magnetic Surveys

- Instrument Rental - 3 months @ \$1,600/month	4,800
- Field computer Rental - 3 month @ \$300/month	900
- Operator/Assistant - 70 Days @ \$300/day	21,000

## Gravimetric Survey

- Instrument Rental - 3 months @ \$1,600/month	3,000
- Operator/Assistant - 70 Days @ \$300/day	21,000
- Surveying	6,000

## Test Drilling

- 5,000 ft. @ \$10	50,000
- Cutting Analysis - 50 samples @ \$500 each	25,000

## Engineering &amp; Supervision

- Engineering & Supervision	13,000
Contingencies approximately 5%	6,700

Phase 3 Total	\$	151,400
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## Twenty four Month Exploration Budget on new and future claims

The Company intends to option additional property by way of claim staking or acquiring companies with promising mineral claims in the area of Southern Saskatchewan and Northern Montana

Planned Exploration on future Claims	Year 1	Year 2
Claim Staking/property acquisition	50,000	50,000
Property Exploration Expenditures	500,000	650,000
	\$550,000	\$700,000

The Company's business plan for the year 2008 will consist of further exploration on the properties over which we hold mineral exploration claims and options. As part of Phase Two, the Company also plans to continue staking strategically important areas as more information becomes available with respect to the geology of Southern Saskatchewan. The Company intends to use third party contractors to collect soil samples, process and analyze the results, plot drill targets, drill the identified targets and other exploration related work. The Company completed its drill program at Scout Lake in 2005. The results of the drill program do not warrant spending further time and money at this location. The main thrust of our program will now be in the Val Marie area of the Wood Mountain district in Southern Saskatchewan. As of March 31, 2008 the Company has 55 mineral claims in Southern Saskatchewan.

The combination of numerous indicator minerals (pyrope garnets and chrome diopsides) and magnetic anomalies make this area a prime target. The indicator mineral suite is identical chemically to that of the Fort a la Corne district.

An early drilling program is anticipated for this area. Additional targets in the Wood Mountain district and other areas will also be investigated. Keating analysis of existing geophysical data over the Company's claim holdings has identified 6 potential diamond targets, including the 3 targets that were previously designated as high priority drill targets. Preliminary investigation of these targets will be carried out to assess the possibility of diamond deposits existing on the Company's properties.

The Company estimates that we will require approximately \$2,000,000 Canadian to conduct its full exploration program over a two year period. This amount will be used to pay for prospecting and geological mapping, airborne surveys, lodging and food for workers, transportation of workers to and from the work sites, fuel, pick-up truck rentals, assays, drilling, equipment rental, additional claim staking, and supervision.

The officers and directors have agreed to pay all costs and expenses of having the Company comply with the federal securities laws (and being a public company) should the Company be unable to do so. We estimate that these costs will be approximately \$20,000 per year. Our officers and directors have also agreed to pay the other expenses of the Company, excluding those direct costs and expenses of data gathering and mineral exploration, should the Company be unable to do



so. To implement our business plan, we will need to secure financing for our business development. We have no source for funding at this time.

If we are unable to raise additional funds to satisfy our reporting obligations, investors will no longer have access to current financial and other information about our business affairs.

Additional funding to conduct either our full exploration program or a partial exploration program will depend upon our ability to secure loans or obtain either private or public financing. We have had some preliminary negotiations for funding that have been unsuccessful and we currently have not undertaken any further negotiations. There is no assurance that we will be able to obtain such funding on any terms or terms acceptable to us and if adequate funds are not available, we believe that our business development will be adversely affected. Accordingly, there is no assurance that we will be able to continue in business.

### ***Results of Operations***

#### **Three-Month Period Ended June 30, 2008**

We did not earn any revenues during the three-month period ended June 30, 2008 (three-month period ended June 30, 2007: \$50,000).

We incurred operating expenses in the amount of \$7,665 for the three-month period ended June 30, 2008 (three-month period ended June 30, 2007: \$6,327). These operating expenses, comprised of general and administration expenses.

#### **Six-Month Period Ended June 30, 2008**

We did not earn any revenues during the six-month period ended June 30, 2008 (six-month period ended June 30, 2007: \$50,000).

We incurred operating expenses in the amount of \$9,905 for the six-month period ended June 30, 2008 (six month-period ended June 30, 2007 \$14,520). These operating expenses, comprised of general and administration expenses of \$9,905 (six month-period ended June 30, 2007: \$14,389) and exploration and development expenses of \$Nil (six month-period ended June 30, 2007: \$131).

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### ***Liquidity and Capital Resources***

The officers and directors have agreed to pay all costs and expenses of having the Company comply with the federal securities laws (and being a public company) should the Company be unable to do so. We estimate that these costs will be approximately \$20,000 per year. Our officers and directors have also agreed to pay the other expenses of the Company, excluding those direct costs and expenses of data gathering and mineral exploration, should the Company be unable to do so. To implement our business plan, we will need to secure financing for our business development. We have no source for funding at this time.

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### **Item 3. Quantitative and Qualitative Disclosures About Market Risks**

As a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act), we are not required to provide the information called for by this Item 3.

### **Item 4. Controls and Procedures**

#### ***Disclosure Controls and Procedures***

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on the evaluation and the identification of the material weaknesses in our internal control over financial reporting, as described in our Form 10-KSB for the year ended December 31, 2007, our Chief Executive Officer and our Chief Accounting Officer concluded that, as of June 30, 2008, our disclosure controls and procedures were effective.

#### ***Changes in internal control over financial reporting***

There have been no changes during the period covered by this Quarterly Report on Form 10-Q in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### ***Limitations on the effectiveness of controls and procedures***

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our controls and procedures will prevent all potential error and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

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**PART II - OTHER INFORMATION**

**Item 1. Legal Proceedings**

None.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

There were no unregistered sales of equity securities during the three month period ended June 30, 2008.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Submission of Matters to a Vote of Security Holders**

None..

**Item 5. Other Information**

None.

**Item 6. Exhibits**

(a) The following documents are filed as part of this Report:

(1) Financial statements filed as part of this Report:

Consolidated Balance Sheets as of June 30, 2008(Unaudited) and December 31, 2007

Consolidated Statements of Operations for the six-month and three-month periods ended June 30, 2008 and 2007 (Unaudited)

Consolidated Statement of Changes in Stockholders Equity (Deficit) (Unaudited)

Consolidated Statements of Cash Flows for the six-month and three-month periods ended June 30, 2008 and 2007 (Unaudited)

Notes to Financial Statements

(2) Exhibits filed as part of this Report:

Exhibit

Number Description

31.1      Certification of Chief Executive Officer pursuant to Rule 13a-15e or 15d-15(e), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2      Certification of Chief Financial Officer pursuant to Rule 13a-15e or 15d-15(e), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1

Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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**32.2** Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports filed on Form 8-K during the quarter ended June 30, 2008:

None

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 12, 2008	Madison Exploration Inc. (Registrant)
	/s/ Joseph Gallo
	By: Joseph Gallo
	Title: President and Chief Executive Officer
	/s/ Steven Cozine
	By: Steven Cozine
	Chief Financial Officer