

MADISON METALS INC.
FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Three and Six Months Ended May 31, 2020

The following discussion and analysis of financial results should be read in conjunction with the unaudited condensed consolidated interim financial statements of Madison Metals Inc. (the "Company" or "Madison Metals") for the three and six months ended May 31, 2020 as well as the audited financial statements for the period from incorporation (October 11, 2019) to November 30, 2019; including the notes thereto. The financial data contained in this discussion and analysis is presented in accordance with International Financial Reporting Standards ("IFRS"). The reporting currency is the Canadian dollar.

The following discussion and analysis provides information that management believes is relevant to the assessment and understanding of the Company's results of operations and financial conditions. Certain statements herein contain forward-looking statements relating to the operations or to the environment in which we operate, which are based on our operations, forecasts, and projections. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions, and actual results may differ materially from those anticipated in these forward-looking statements. The risks include those outlined under the "Risk Factors" section of this MD&A and elsewhere in the Company's public disclosure documents.

This Management Discussion and Analysis is dated July 30, 2020.

BUSINESS OVERVIEW

The Company is company incorporated under the provisions of the *British Columbia Business Corporations Act* on October 11, 2019 in order to complete the Plan of Arrangement (as defined in the "Plan of Arrangement" section).

The Company is a reporting British Columbia registered corporation that was set up receive the Madison Mine Project from Broadway Gold Mining Ltd. ("Broadway"). The shares of the Company are not listed or posted for trading on any stock exchange. Its registered and head office is located at 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5.

PLAN OF ARRANGEMENT

On February 27, 2020, the Company completed the spin-out from Broadway by way of plan of arrangement ("Plan of Arrangement") under the *British Columbia Business Corporations Act* wherein Broadway transferred its US subsidiary, including all of Broadway's right, title and interest, and all associated liabilities, in the Madison Project, which is comprised of 6 patented and 35 unpatented claims in the Madison Property located in Montana, USA, in exchange for 49,860,204 common shares of Madison Metals (the "Madison Metals Shares"). The Madison Metals Shares have been distributed to Broadway shareholders on the basis of one Madison Metals Share for each Broadway common shares.

INTEREST IN MINERAL PROPERTIES

Madison Property

On February 27, 2020, pursuant to the Plan of Arrangement, the Company acquired 100% right, title and interest in 450 acres of land with a 192 acre ranch, buildings, mine equipment and fixtures and 6 patented and 35 unpatented mineral claims situated in Madison County, Montana. The acquisition is also subject to an annual payment equal to the greater of a 2% NSR or US\$50,000.

The road accessible claims lie 1.5 kilometers west of the hamlet of Silver Star in Sections 2 and 3 of Township 2 South, Range 6 West. The Madison Property lies in the Silver Star District along the south flank of the Radar Creek pluton 38 kilometers southwest of the world-famous Butte copper mine, an area of high geological potential. The property is underlain by Mississippian calcareous sediments intruded by quartz monzonite of the Tertiary to Cretaceous Radar Creek pluton. Gold and copper skarn deposits have developed at the contact.

The Madison Project encompasses two mines, several shafts and adits and numerous pits and trenches, largely centered along the limestone intrusive contact. The largest of these is the Broadway Mine, developing a gold-bearing skarn zone to a vertical depth of 750 feet between the 1880's and the 1950's. A total of 450,000 tons averaging 0.32 ounces per ton gold were produced from approximately 6,000 feet of underground workings. The Company feels the depth potential of the Broadway Mine has yet to be tested.

The second mine is the Madison Mine. A series of drill programs throughout the 1980's and into the early 1990's located gold, copper and gold-copper mineralization in a 152 metre long by 61 metre wide zone along the limestone intrusive contact. During the 2007 to 2012 period Coronado Resources Ltd. drove a decline and bulk sampled several blocks within a 70 metre long by 30 metre wide section of the larger zone. A number of the significant drill intersections from the earlier drill programs were not followed up and these present the Company with a second area of immediate potential on the property.

Mineral Property Expenditures

The Company capitalized exploration and evaluation expenditures in the period incurred. During the six months ended May 31, 2020, the Company has incurred the following exploration expenditures on the Madison Property:

	Six Months Ended May 31, 2020
	\$
Contribution from spin-out assets	3,723,405
Consulting engineers	9,275
Fieldwork and wages	8,622
Permits, assay and testing	2,068
Power utilities	678
Recovery	(103,403)
Net expenditures during the period	3,640,645

PROPOSED TRANSACTION

On April 14, 2020, the Company announced that it signed a definitive agreement (the "Definitive Agreement") with American Pacific Mining Corp. ("APM") to sell to APM the Madison Project. The Company completed the transaction on June 26, 2020.

Pursuant to the terms of the transaction, APM acquired all of the issued and outstanding shares of Broadway Gold Corp. As a consideration for the transaction,

- APM issued 20 million APM shares to Madison Metals, subject to a 6 month hold period ending January 22, 2021; and
- APM issued 5 million APM warrants priced at \$0.25, expiring in 18 months.

The Company distributed the issued securities to its shareholders in accordance with their pro rate shareholdings in the Company. In connection with the transaction, the Company will add one member to the APM advisory board.

RESULTS OF OPERATIONS

Three and Six Months Ended May 31, 2020

For the three and six months ended May 31, 2020, the Company reported a net loss of \$60,344.

LIQUIDITY AND CAPITAL RESOURCES

The Company's approach to managing its liquidity is to ensure that it has sufficient resources to meet its liabilities as they come due and have sufficient working capital to fund operations for the ensuing fiscal year.

As at May 31, 2020, the Company had \$113,245 in current assets (November 30, 2019 - \$1) and current liabilities of \$101,297 (November 30, 2019 - \$nil) for a working capital of \$7,429 compared to \$1 at November 30, 2019. As at the date of this report, the Company does not have adequate cash and working capital to fund its operations and planned capital expenditures for the next 12 months and is reliant upon future equity financing to fund its operations and advance the development of its exploration mining business.

OFF-BALANCE SHEET ARRANGEMENTS

To the best of Management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

CONTRACTUAL COMMITMENTS

See "Interest in Mineral Properties" for mineral property commitments.

TRANSACTIONS WITH RELATED PARTIES

During the three and six months ended May 31, 2020, the Company incurred management services of \$35,000 (three and six months ended May 31, 2019 - \$nil) to a director and officer of the Company. As at May 31, 2020, included in accounts payable and accrued liabilities is an aggregate of \$35,000 (November 30, 2019 - \$nil) payable to this director and officer for the services.

- During the three and six months ended May 31, 2020, the Company incurred accounting fees of \$5,000 (three and six months ended May 31, 2019 - \$nil) to Marrelli Support Services Inc. ("MSSI") for:
- Eric Myung, an employee of MSSI, to act as the CFO of the Company; and
- Bookkeeping services;

As at May 31, 2020, included in accounts payable is an aggregate of \$5,000 (November 30, 2019 - \$nil) payable to the MSSI.

All transactions and balances 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 related parties.

CAPITAL STOCK

The authorized capital of the Company consists of an unlimited number of common shares without par value.

As at May 31, 2020 and at the date of this MD&A, 49,860,204 common shares were issued and outstanding.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

All significant accounting policies and critical accounting estimates are fully disclosed in Note 2 of the financial statements for the period from incorporation (October 11, 2019) to November 30, 2019.

CAPITAL MANAGEMENT

Madison Metals is actively looking to acquire an interest in a business or assets and this involves a high degree of risk. Madison Metals does not generate cash flows from operations. Madison Metals' primary source of funds comes from the issuance of capital stock. Madison Metals does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations, and is not subject to any externally imposed capital requirements. Madison Metals' objective when managing capital is to safeguard Madison Metals' ability to continue as a going concern. Madison Metals defines its capital as equity. Capital requirements are driven by Madison Metals' general operations. To effectively manage Madison Metals' capital requirements, Madison Metals monitors expenses and overhead to ensure costs and commitments are being paid.

RISKS RELATED TO BUSINESS

Madison Metals is in the business of exploring and, if warranted, developing mineral properties, which is a highly speculative endeavour, and Madison Metals' future performance may be affected by events, risks or uncertainties that are outside of Madison Metals' control. Madison Metals' management consider the risks set out below to be the most significant to potential investors of Madison Metals, but not all risks associated with an investment in securities of Madison Metals. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not be material in relation to Madison Metals' business, actually occur, Madison Metals' assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of Madison Metals' securities could decline and investors may lose all or part of their investment.

Limited Operating History

Madison Metals is still in an early stage of development. Madison Metals is engaged in the business of exploring and, if warranted, developing mineral properties in the hope of locating economic deposits of minerals. Madison Metals' mineral interests are in the exploration stage and do not have mineral reserves. Madison Metals has no history of earnings. There is no guarantee that economic quantities of mineral reserves will be discovered on Madison Metals' property.

Management

The success of Madison Metals is currently dependant on the performance of its directors and officers. The loss of the services of any of these persons could have a materially adverse effect on Madison Metals' business and prospects. There is no assurance that Madison Metals can maintain the services of its directors, officers or other qualified personnel required to operate its business. At this date there are no indications that any change in management cannot be maintained at the current structure.

Conflicts of Interest

Madison Metals' directors, officers and other members of management serve as directors, officers, promoters and members of management of other companies involved in the acquisition, exploration and development of mineral resource properties and, therefore, it is possible that a conflict may arise between their duties as a director, officer, promoter or member of Madison Metals' management team and their duties as a director, officer, promoter or member of management of such other companies. The Madison Metals' directors and officers are aware of the laws governing accountability of directors and officers for corporate opportunity and the requirement of directors to disclose conflicts of interest. Madison Metals will rely upon these laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers.

Additional Funding Requirements

From time to time, Madison Metals will require additional financing in order to carry out its acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause the Madison Metals to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If Madison Metals' cash flow from operations is not sufficient to satisfy its capital or resource expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or be available on favourable terms.

Price Volatility and Lack of Active Market

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Any quoted market for Madison Metals' securities may be subject to such market trends and that the value of such securities may be affected accordingly.

ADDITIONAL INFORMATION

Additional information relating to the Company can also be found on SEDAR at www.sedar.com.