

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

**For the Year Ended November 30, 2020**

The following discussion and analysis of financial results should be read in conjunction with the audited consolidated financial statements of Madison Metals Inc. (the "Company" or "Madison Metals") for the year ended November 30, 2020 and period from October 11, 2019 (incorporation) 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 April 7, 2021.

## **BUSINESS OVERVIEW**

The Company is a 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 to 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, Broadway Gold Corp., 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 share.

## SALE OF BROADWAY GOLD CORP.

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

### Selected Annual Information

The following table provides a brief summary of the Company's financial operations for the last three fiscal years. This information has been presented in accordance with IFRS. The reporting currency is the Canadian dollar. For more detailed information, refer to the audited financial statements for the year ended November 30, 2020 and period from October 11, 2019 (incorporation) to November 30, 2019.

	<b>Year Ended November 30, 2020</b>	<b>Period from October 11, 2019 (Incorporation) to November 30, 2019</b>
	<b>\$</b>	<b>\$</b>
Net income for the year	3,185,182	Nil
Basic & diluted earnings per share	0.08	Nil
Total assets	854,923	1

### Year Ended November 30, 2020

For the year ended November 30, 2020, the Company reported a net income of \$3,185,182, which consisted of:

- \$35,699 of professional fees;
- \$71,875 of consulting fees;
- \$4,912,905 of gain on sale of subsidiary;
- \$976,239 of loss on fair value of marketable securities;
- \$614,716 of income tax expenses; and
- All other expenses related to general working capital purposes.

## Summary of Quarterly Results

The following table sets out selected financial data in respect of the most recently completed quarters of the Company. The data is derived from the financial statements of the Company prepared in accordance with IFRS.

<b>Quarter Ended</b>	<b>Net Income (Loss)</b>	<b>Basic &amp; Diluted (Loss)</b>
	<b>\$</b>	<b>per Common Share</b>
		<b>\$</b>
November 30, 2020	(1,629,912)	(0.03)
August 31, 2020	4,875,438	0.11
May 31, 2020	(60,344)	(0.00)
February 29, 2020	Nil	Nil
November 30, 2019	Nil	Nil

### Three Months Ended November 30, 2020

For the three months ended November 30, 2020, the Company reported a net loss of \$1,629,912, which consisted of:

- \$16,627 of professional fees;
- \$21,875 of consulting fees;
- \$976,239 of loss on fair value of marketable securities;
- \$614,716 of income tax expenses; and
- All other expenses related to general working capital purposes.

## 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 November 30, 2020, the Company had \$854,923 in current assets (November 30, 2019 - \$1) and current liabilities of \$660,430 (November 30, 2019 - \$nil) for a working capital of \$194,493 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 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.

## **TRANSACTIONS WITH RELATED PARTIES**

During the year ended November 30, 2020, the Company incurred management services of \$71,875 (year ended November 30, 2019 - \$nil) to a director and officer of the Company. As at November 30, 2020, included in accounts payable and accrued liabilities is an aggregate of \$21,875 (November 30, 2019 - \$nil) payable to this director and officer for the services.

During the year ended November 30, 2020, the Company incurred accounting fees of \$23,007 (year ended November 30, 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 November 30, 2020, included in accounts payable is an aggregate of \$14,379 (November 30, 2019 - \$nil) payable to the MSSI.

## **CAPITAL STOCK**

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

As at November 30, 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 year ended November 30, 2020 and period from October 11, 2019 (incorporation) 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.

## **EVALUATION OF DISCLOSURE CONTROLS AND POLICIES**

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in reports filed with or submitted to the various securities regulators is recorded, processed, summarized and reported within the time periods specified. This information is gathered and reported to the Company's management, which includes the CEO and CFO, so that timely decisions can be made regarding disclosure. The Company's management, under the supervision of, and with the participation of, the CEO and CFO has designed the Company's disclosure controls and procedures. As at November 30, 2020, the CEO and CFO evaluated the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective as at November 30, 2020.

## **EVALUATION OF INTERNAL CONTROLS OVER FINANCIAL REPORTING**

Designing, establishing and maintaining adequate internal control over financial reporting is the responsibility of the Company's management. Internal control over financial reporting is a process designed by, or under the supervision of management, and affected by the Board of Directors, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements in accordance with IFRS.

These controls include policies and procedures that: pertain to the maintenance of records that, in reasonable detail, accurately reflect transactions pertaining to its assets, provide reasonable assurance that all transactions are recorded to permit the preparation of its financial statements in accordance with IFRS, and that expenditures are being made only in accordance with authorizations of management of the Company, and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on its financial statements.

Management is responsible for establishing and maintaining internal control over financial reporting and has designed and implemented such controls to ensure that the required objectives of these internal controls have been met. The management of the Company applied its judgment in evaluating the cost-benefit relationship to controls and procedures. The result of which was, because of the inherent limitations in all control systems, that no evaluation of the controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

As at November 30, 2020, the officers of the Company evaluated the design and implementation of the Company's internal control over financial reporting ("ICFR"). Based on this evaluation of the design and operating effectiveness of the Company's ICFR, the CEO and CFO concluded that the Company's ICFR was effective as at November 30, 2020.

## **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](http://www.sedar.com).