
MADISON METALS INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
THREE MONTHS ENDED FEBRUARY 28, 2021
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of Madison Metals Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Madison Metals Inc.**Condensed Interim Consolidated Statement of Financial Position****(Expressed in Canadian Dollars)****Unaudited**

	As at February 28, 2021	As at November 30, 2020
ASSETS		
Current assets		
Marketable securities (note 5)	\$ 495,625	\$ 854,923
Total assets	\$ 495,625	\$ 854,923
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	\$ 69,825	\$ 45,714
Income taxes payable	614,716	614,716
Total liabilities	684,541	660,430
Equity		
Share capital (note 6)	3,983,000	\$ 3,983,000
Deficit	(4,171,916)	(3,788,507)
Total equity	(188,916)	\$ 194,493
Total equity and liabilities	\$ 495,625	\$ 854,923

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Nature of operations and going concern (note 1)

Madison Metals Inc.**Condensed Interim Consolidated Statements of and Comprehensive****(Expressed in Canadian Dollars)****Unaudited**

	Three Months Ended February 28, 2021	Three Months Ended February 28, 2020
Operating expenses		
Professional fees (note 7)	\$ 10,628	\$ -
Consulting fees (note 7)	13,125	-
Transfer agent and filing fees	358	-
Loss before other items	(24,111)	-
Other items		
Loss on fair value of marketable securities (note 4)	(92,827)	-
Income before taxes for the period	(116,938)	-
Income tax expense	-	-
Net income and comprehensive income for the period	\$ (116,938)	\$ -
Basic and diluted net income per share	\$ (0.00)	\$ -
Weighted average number of common shares outstanding	49,860,204	1,095,829

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Madison Metals Inc.**Condensed Interim Consolidated Statement of Cash Flows****(Expressed in Canadian Dollars)****Unaudited**

	Three Months Ended February 28, 2021	Three Months Ended February 28, 2020
Operating activities		
Net loss for the period	\$ (116,938)	\$ -
Adjustments for:		
Loss on fair value of marketable securities	92,827	-
Changes in non-cash working capital items:		
Amounts payable and other liabilities	24,111	-
Net cash used in operating activities	-	-
Financing activities		
Cash transferred pursuant to the spin-out of assets (note 3)	-	\$ 5,034
Net cash provided by financing activities	-	5,034
Net change in cash	-	5,034
Cash, beginning of period	-	-
Cash, end of period	\$ -	\$ 5,034

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Madison Metals Inc.**Condensed Interim Consolidated Statement of Changes in Equity****(Expressed in Canadian Dollars)****Unaudited**

	Share capital	Deficit	Total
Balance, November 30, 2019	\$ 1	\$ -	\$ 1
Incorporation share cancelled (note 6)	(1)	-	(1)
Shares issued pursuant to spin-out of assets (note 3)	3,983,000	-	3,983,000
Net loss for the period	-	-	-
Balance, February 29, 2020	\$ 3,983,000	\$ -	\$ 3,983,000
Balance, November 30, 2020	\$ 3,983,000	\$ (3,788,507)	\$ 194,493
Net loss for the period	-	(116,938)	(116,938)
Distribution to shareholders (note 4)	-	(266,471)	(266,471)
Balance, February 28, 2021	\$ 3,983,000	\$ (4,171,916)	\$ (188,916)

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Madison Metals Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended February 28, 2021

(Expressed in Canadian Dollars)

Unaudited

1. Nature of operations and going concern

Madison Metals Inc. ("Madison Metals" or 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 note 3). The Plan of Arrangement was completed on February 27, 2020.

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.

On June 26, 2020, the Company sold the Madison Mine Project to American Pacific Mining Corp. ("APM").

These unaudited condensed interim consolidated financial statements were prepared on a going concern basis of presentation, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business.

As at February 28, 2021, the Company had not yet achieved profitable operations and expects to incur further losses in the development of its business, all of which constitutes a material uncertainty which casts significant 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 raise future equity financing to fund its operations and advance the development of its business.

These unaudited condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. These adjustments could be material. Management is actively pursuing funding options, being financing and alternative funding options, required to meet the Company's requirements on an ongoing basis. To meet the challenges of the current climate in the financial markets, the Company is minimizing its expenditures.

In March 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital.

Madison Metals Inc.

Notes to Condensed Interim Consolidated Financial Statements

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2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of April 29, 2021, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended November 30, 2020, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending November 30, 2021 could result in restatement of these unaudited condensed interim consolidated financial statements.

These unaudited condensed interim consolidated financial statements do not include the statement of income and comprehensive income as there were no activities during the three months ended February 28, 2021.

3. 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 Business Corporations Act (British Columbia) 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 shares.

The fair value of the US subsidiary contributed pursuant to the Plan of Arrangement consisted of the following:

ASSETS

Cash	\$	5,034
Prepaid expenses		11,005
Property and equipment		63,742
Exploration and evaluation assets		3,723,405
Reclamation deposits		182,413
Total assets	\$	3,985,599

LIABILITIES

Accounts payable and accrued liabilities	\$	2,599
Total liabilities	\$	2,599

Fair value of US subsidiary contributed	\$	3,983,000
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The Plan of Arrangement resulted in an increase of share capital amounting to \$3,983,000, which is the fair value of the US subsidiary.

Madison Metals Inc.

Notes to Condensed Interim Consolidated Financial Statements

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4. Sale of subsidiary

On April 14, 2020, the Company announced that it signed a definitive agreement (the "Definitive Agreement") with APM to sell Broadway Gold Corp. to APM. 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, valued at \$7,400,000, 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 5 million APM warrants were estimated to have a grant date fair value of \$1,404,851 using the Black-Scholes option pricing model, assuming a risk-free interest rate of 0.26%, an expected life of 18 months, an expected volatility of 170% and an expected dividend yield of 0%.

The fair value of the US subsidiary sold to APM consisted of the following:

ASSETS	
Cash	\$ 5,617
Prepaid expenses	4,471
Property and equipment	64,744
Exploration and evaluation assets	3,735,756
Reclamation deposits	185,279
Total assets	\$ 3,995,867
LIABILITIES	
Accounts payable and accrued liabilities	\$ 42,541
Loan payable	61,380
Total liabilities	\$ 103,921
Carrying value of US subsidiary sold	\$ 3,891,946
Gain on sale of subsidiary	4,912,905
	\$ 8,804,851
Considerations received	
20,000,000 APM shares	\$ 7,400,000
5,000,000 APM warrants (i)	1,404,851
	\$ 8,804,851

(i) The Company estimated the grant date fair value of the 5,000,000 APM warrants using the Black-Scholes option pricing model with the following assumptions: a risk-free interest of 0.26%, an expected life of 18 months, an expected volatility of 170% and an expected dividend yield of 0%.

As a result, the Company recorded a gain on sale of subsidiary of \$4,912,905.

As at February 28, 2021, the Company has distributed 17,137,016 APM shares and 4,283,592 APM warrants 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.

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Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended February 28, 2021

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Unaudited

5. Marketable securities

The Company does not purchase shares of publicly-listed companies on the open market. As at February 28, 2021, the following securities were included in marketable securities:

	Number of shares	Acquisition cost	Fair value adjustment	Fair value at February 28, 2021
American Pacific Mining Corp.	2,862,984	\$ 1,059,304	\$ (601,227)	\$ 458,077
American Pacific Mining Corp. - warrants (i)	716,409	201,289	(163,741)	37,548
		\$ 1,260,593	\$ (764,968)	\$ 495,625

(i) The warrants have an exercise price of \$0.25 and expire on December 26, 2021. The Company estimated fair value of the warrants using the Black-Scholes option pricing model with the following assumptions: a risk-free interest of 0.30%, an expected life of 10 months, an expected volatility of 134% and an expected dividend yield of 0%.

6. Share capital

Authorized share capital

An unlimited number of common shares without par value, voting and participating

Issued

	Number of shares	Share capital
Balance, November 30, 2019	1	\$ 1
Cancelled (i)	(1)	(1)
Issued pursuant to spin-out of assets (note 3)	49,860,204	3,983,000
Balance, February 29, 2020, November 30, 2020 and February 28, 2021	49,860,204	\$ 3,983,000

(i) The Company was incorporated on October 11, 2019 issuing a single share for \$1 per share, which was subsequently cancelled.

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7. Related party transactions

Balances and transactions with related parties not disclosed elsewhere in these unaudited condensed interim consolidated financial statements are as follows:

(a) During the three months ended February 28, 2021, the Company incurred management services of \$13,125 (three months ended February 29, 2020 - \$nil) to a director and officer of the Company. As at February 28, 2021, included in accounts payable and accrued liabilities is an aggregate of \$35,000 (November 30, 2020 - \$21,875) payable to this director and officer for the services.

(b) During the three months ended February 28, 2021, the Company incurred accounting fees of \$8,628 (three months ended February 29, 2020 - \$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 February 28, 2021, included in accounts payable is an aggregate of \$23,007 (November 30, 2020 - \$14,379) payable to the MSSI.

8. Financial risk management

The Company's financial assets consist of marketable securities. The Company has classified its marketable securities as FVTPL.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – inputs that are not based on observable market data.

The following table sets forth the Company's financial assets measured at fair value by levels within the fair value hierarchy:

February 28, 2021	Level 1	Level 2	Level 3	Total
Marketable securities	\$ 458,077	\$ -	\$ 37,548	\$ 495,625
February 29, 2020	Level 1	Level 2	Level 3	Total
Marketable securities	\$ 748,700	\$ -	\$ 106,223	\$ 854,923

Madison Metals Inc.

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8. Financial risk management (continued)

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company believes that these sources will be sufficient to cover the likely short-term cash requirements.

Credit risk

Credit risk is the risk of a loss in a counterparty to a financial instrument that fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its marketable securities. The Company limits its exposure to credit risk by holding its marketable securities in deposits with high credit quality Canadian financial institutions.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to foreign currency risk is minimal.

9. Capital management

The Company manages its capital structure and makes adjustment to it based on the funds available to the Company in order to support the operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital and cash.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended February 28, 2021.