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Madison Explorations Inc.  
Form 10QSB  
August 21, 2006

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2006.  
OR

TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT  
OF 1934

FOR THE TRANSITION FROM \_\_\_\_\_ TO \_\_\_\_\_.

COMMISSION FILE NUMBER 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)

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

525 Seymour Street, Suite 900  
Vancouver, BC, Canada

V6B 3H7

\_\_\_\_\_  
(Address of principal executive offices)

\_\_\_\_\_  
(Zip code)

Issuer's telephone number: (604) 974-0568  
Issuer's fax number: (604) 974-0569

N/A

\_\_\_\_\_  
(Former name, former address and former fiscal year, if changed since last  
report. Former Address: 525 Seymour Street, Suite 807, Vancouver, BC, Canada,  
V6B 3H7)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /X/ No / /

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes / / No /X/

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

At June 30, 2006, and as of the date hereof, there were outstanding 115,520,000 shares of the Registrant's Common Stock, \$.001 par value.

Transitional Small Business Disclosure Format: Yes / / No /X/

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PART I  
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MADISON EXPLORATIONS, INC.  
(A Development Stage Enterprise)

CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

JUNE 30, 2006  
DECEMBER 31, 2005

MADISON EXPLORATIONS, INC.  
(A DEVELOPMENT STAGE ENTERPRISE)  
MANAGEMENT CERTIFICATION

The financial statements attached are prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The financial statements have not been audited. The Company's Treasurer certifies that the statements and the notes thereto, present fairly, in all material respects, the financial position of the issuer and the results of its operations and cash flows for the periods presented, in conformity with accounting principles generally accepted in the United States, consistently applied.

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Joel Haskins  
Madison Explorations Inc.  
Treasurer

MADISON EXPLORATIONS, INC.  
(A DEVELOPMENT STAGE ENTERPRISE)

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MADISON EXPLORATIONS, INC.  
(A DEVELOPMENT STAGE ENTERPRISE)  
CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

ASSETS

CURRENT ASSETS  
Cash

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Exploration Deposits  
Prepaid Expenses

Total current assets

Total assets

LIABILITIES AND STOCKHOLDERS' (DEFICIT)

CURRENT LIABILITIES

Accounts payable and accrued liabilities  
Note payable and accrued interest  
Deferred revenue  
Officers loans and advances

Total current liabilities

STOCKHOLDERS' (DEFICIT)

Common stock: \$.001 par value;  
authorized 500,000,000 shares;  
issued and outstanding: 115,320,000 shares  
at December 31, 2005 and 115,520,000  
shares at June 30, 2006  
Additional paid-in capital  
Accumulated other comprehensive income  
Accumulated deficit during development stage

Total stockholders' (deficit)

Total liabilities and  
stockholders' (deficit)

See Accompanying Consolidated Notes to Financial Statements.

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MADISON EXPLORATIONS, INC.  
(A DEVELOPMENT STAGE ENTERPRISE)  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

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	Three months ended		Six months
	June 30, 2006	June 30, 2005	June 30, 2006
	-----	-----	-----
Revenues	\$ -	\$ -	\$ -
Cost of revenue	\$ -	\$ -	-
	-----	-----	-----
Gross profit	\$ -	\$ -	\$ -
Operating expenses			
Exploration and development	\$ 13,714	\$ 1,051	\$ 17,480
General and administrative	30,155	3,537	35,133
	-----	-----	-----
Operating (loss)	(43,869)	(4,588)	\$ (52,613)
Other expense	712	451	1,657
	-----	-----	-----
Net loss	\$ (44,581)	\$ (5,039)	\$ (54,270)
	=====	=====	=====
Net loss per share, basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)
	=====	=====	=====
Average number of shares of common stock outstanding	115,421,657	115,320,000	115,421,657
	=====	=====	=====

See Accompanying Consolidated Notes to Financial Statements.

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MADISON EXPLORATIONS, INC.  
(A DEVELOPMENT STAGE ENTERPRISE)  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)  
(UNAUDITED)

	Common Stock		Additional	Accumul
	Shares	Amount	Paid in Capital	Defi Duri Develop Sta
	-----	-----	-----	-----
June 15, 1998, issue common stock	56,250,000	\$ 56,250	\$ (55,800)	\$

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Net loss, December 31, 1999	-----	-----	-----	-----
Balance, December 31, 1999	56,250,000	\$ 56,250	\$ (55,800)	
Net loss, December 31, 2000	-----	-----	-----	-----
Balance, December 31, 2000	56,250,000	\$ 56,250	\$ (55,800)	\$
Net loss, December 31, 2001	-----	-----	-----	-----
Balance, December 31, 2001	56,250,000	\$ 56,250	\$ (55,800)	\$
Net loss, December 31, 2002	-----	-----	-----	-----
Balance, December 31, 2002	56,250,000	\$ 56,250	\$ (55,800)	\$
Net loss, December 31, 2003	-----	-----	-----	-----
Balance, December 31, 2003	56,250,000	\$ 56,250	\$ (55,800)	\$
Issuance of common stock	59,070,000	59,070	(58,598)	
June 14, 2004 forward stock split 5000:1				
Capital contribution			5,000	
Foreign currency translation adjustments				
Net loss, December 31, 2004	-----	-----	-----	(49)
Balance, December 31, 2004	115,320,000	\$ 115,320	\$ (109,398)	\$ (49)
Foreign currency translation adjustments				
Net loss, December 31, 2005	-----	-----	-----	(48)
Balance, December 31, 2005	115,320,000	\$ 115,320	\$ (109,398)	\$ (97)
Issuance of common stock	200,000	200	49,800	
Foreign currency translation adjustments				
Net loss, six month period ended June 30, 2006	-----	-----	-----	(54)
Balance, June 30, 2006	115,520,000	\$ 115,520	\$ (59,598)	\$ (152)
	=====	=====	=====	=====

See Accompanying Consolidated Notes to Financial Statements.

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MADISON EXPLORATIONS, INC.  
(A DEVELOPMENT STAGE ENTERPRISE)  
CONSOLIDATED STATEMENTS OF CASH FLOWS

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(UNAUDITED)

	Six months June 30, 2006 -----
Cash Flows From	
Operating Activities	
Net loss	\$ (54,270)
Adjustments to reconcile net loss to cash used in operating activities:	
Changes in assets and liabilities	
(Increase) in Exploration Deposits	(18,635)
(Increase) in Prepaid Expenses	(4,479)
Increase (decrease) in accounts payable and accruals	2,500
Increase in deferred revenue	50,000
	-----
Net cash used in operating activities	\$ (24,884) -----
Cash Flows From	
Investing Activities	
Net cash provided used in investing activities	\$ - -----
Cash Flows From	
Financing Activities	
Issuance of common stock	\$ 50,000
Capital contribution	-
Officer loans and advances	1,837
Note payable	-
	-----
Net cash provided by financing activities	\$ 51,837 -----
Effect of exchange rate changes on cash and cash equivalents	\$ (2,099) -----
Net increase (decrease) in cash	\$ 24,854
Cash, beginning of period	56,288 -----
Cash, end of period	\$ 81,142 =====

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See Accompanying Consolidated Notes to Financial Statements.

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MADISON EXPLORATIONS, INC.  
(A DEVELOPMENT STAGE ENTERPRISE)  
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

### NOTE 1. BASIS OF PRESENTATION

The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-QSB. They do not include all information and notes required by generally accepted accounting principles for complete financial statements. However, except as disclosed herein, there has been no material change in the information disclosed in the notes to the consolidated financial statements included in the Annual Report on Form 10-SB of Madison Explorations, Inc. for the year ended December 31, 2005. When used in these notes, the terms "Company," "we," "us" or "our" mean Madison Explorations, Inc. In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six month period ended June 30, 2006 are not necessarily indicative of the results that may be expected for the year ending December 31, 2006.

### NOTE 2. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

#### GOING CONCERN

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. These financial statements show that Madison Explorations, Inc. had a substantial working capital deficiency and that it has suffered losses since inception. Management believes that the Company will still need additional financing of approximately \$2,000,000 to continue to operate as planned during the twelve-month period subsequent to June 30, 2006. These conditions raise substantial doubt about the Company's ability to continue as a going concern. These financial statements have been prepared on the basis of generally accepted accounting principles as applicable to a going concern, however the future of Madison Explorations, Inc. will depend upon the company's ability to obtain adequate financing, successfully resolve any outstanding contingencies and attain profitable operations. Although the successful resolution of these uncertainties is not assured, management is of the opinion that current negotiations for financing and ultimate satisfactory settlement of any contingencies will allow the company to continue its operations.

Management plans to obtain such financing through private and public offerings of debt and equity securities. However management cannot assure that the Company will be able to obtain any or all of the additional financing it will need to continue to operate through at least June 30, 2007 or that, ultimately, it will be able to generate any profitable commercial mining operations. If the Company is unable to obtain the required financing, it may have to curtail or terminate its operations and liquidate its remaining assets and liabilities.

The accompanying financial statements do not include any adjustments related to



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the recoverability and classifications of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue its operations as a going concern

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MADISON EXPLORATIONS, INC.  
(A DEVELOPMENT STAGE ENTERPRISE)  
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

NOTE 2. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENT ACCOUNTING PRONOUNCEMENTS

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections, a replacement of APB No. 20 and FASB Statement No. 3" ("SFAS No. 154"). SFAS No. 154 requires retrospective application to prior periods' financial statements of a voluntary change in accounting principle unless it is impracticable. APB Opinion No. 20 "Accounting Changes," previously required that most voluntary changes in accounting principle be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle. This statement is effective for our Company as of January 1, 2006. The Company does not believe that the adoption of SFAS No. 154 will have a material impact on our consolidated financial statements.

In November 2005, the FASB issued FASB Staff Position FAS 115-1 and FAS 124-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments" ("FSP 115-1"), which provides guidance on determining when investments in certain debt and equity securities are considered impaired, whether that impairment is other-than-temporary, and on measuring such impairment loss. FSP 115-1 also includes accounting considerations subsequent to the recognition of an other-than temporary impairment and requires certain disclosures about unrealized losses that have not been recognized as other-than-temporary impairments. FSP 115-1 is required to be applied to reporting periods beginning after December 15, 2005. We do not expect the adoption of FSP 115-1 will have a material impact on our consolidated financial condition or results of operations.

In February 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments--an Amendment of FASB Statements No. 133 and 140" ("SFAS No. 155"). SFAS No. 155 allows financial instruments that contain an embedded derivative and that otherwise would require bifurcation to be accounted for as a whole on a fair value basis, at the holders' election. SFAS No. 155 also clarifies and amends certain other provisions of SFAS No. 133 and SFAS No. 140. This statement is effective for all financial instruments acquired or issued in fiscal years beginning after September 15, 2006. We do not expect that the adoption of SFAS No. 155 will have a material impact on our consolidated financial condition or results of operations.

In March 2006, the FASB issued SFAS No. 156, "Accounting for Servicing of Financial Assets--an Amendment of FASB Statement No. 140" ("SFAS No. 156"). SFAS No. 156 provides guidance on the accounting for servicing assets and liabilities when an entity undertakes an obligation to service a financial asset by entering into a servicing contract. This statement is effective for all transactions in fiscal years beginning after September 15, 2006. We do not expect that the adoption of SFAS will have a material impact on the consolidated financial

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conditions or results of operations.

In July 2006, the FASB issued FIN 48, "Accounting for Uncertainty in Income Taxes--an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 clarifies the recognition threshold and measurement of a tax position taken on a tax return. FIN 48 is effective for fiscal years beginning after December 15, 2006. FIN 48 also requires expanded disclosure with respect to the uncertainty in income taxes. We are currently evaluating the requirements of FIN 48 and the impact this interpretation may have on our financial statements.

### NOTE 3. STOCKHOLDERS' EQUITY

On March 30, 2006 the Company entered into a private placement agreement whereby the Company issued 200,000 Reg-S shares in exchange for \$50,000.

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MADISON EXPLORATIONS, INC.  
(A DEVELOPMENT STAGE ENTERPRISE)  
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

### NOTE 4. NOTE 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 \$2,797 as at June 30, 2006 and \$1,797 for the year ended December 31, 2005. The note payable balance including accrued interest was \$27,797 at June 30, 2006

### NOTE 5. RELATED PARTY TRANSACTIONS

The officers of the Company have advanced funds to the Company to continue ongoing operations. On June 25, 2004, two officers executed demand notes at 5% interest for \$15,000 in CAD (\$12,479 USD) each. Also, funds were advanced to the Company to form its subsidiary. A total of \$147 in US dollars was advanced for this purpose. Since all funds advanced are due on demand, this amount has been classified as a liability in the accompanying financial statements. The officers of the Company also submit expense reports on a regular basis of expenses incurred on behalf of the Company in the normal performance of their duties. These payable to the officers for unreimbursed expenses totaled \$0 and \$0 in Canadian funds at June 30, 2006 and December 31, 2005, respectively.

Exploration and development expenses were paid to Montgomery Consultants, Ltd., a related party controlled by a director of the Company, for the six months ended June 30, 2006 of \$0 and for the year ended December 31, 2005 of \$4,868.

Interest on the notes payable for the six months ended June 30, 2006, was \$657 and \$1,257 for the year ended December 31, 2005. As of June 30, 2006, the officer advances in USD was \$29,732, including \$2,855 in accrued interest.

### NOTE 6. COMMITMENTS AND CONTINGENCIES

In June 2006, the Company entered into a month to month lease agreement for office space with a monthly payment of \$1,166 per month. Rent expense for the

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three months ended June 30, 2006 and 2005 was \$1,778 and \$643, respectively, and for the six months ended June 30, 2006 and 2005 was \$2,477 and 1,294, respectively.

### NOTE 7. COMPREHENSIVE INCOME

Accumulated other comprehensive income consists of the following:

	June 30, 2006		Dec. 31, 2005
Foreign currency translation adjustment	\$ (5,097)	\$	(2,998)
	=====		=====

The components of other comprehensive income for the six-month period ended June 30, 2006 and the year ended December 31, 2005:

	June 30, 2006		Dec. 31, 2005		Inception to
	-----		-----		-----
Foreign currency translation adjustment	\$ (2,099)	\$	(444)	\$	(5
	=====		=====		=====

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### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

The following discussion regarding the Company and our business and operations contains "forward-looking statements." These statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward-looking terminology such as "may," "expect," "anticipate," "estimate" or "continue" or its negative or other variations or comparable terminology. All forward-looking statements are necessarily speculative and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward-looking statements.

#### PLAN OF OPERATION

The Company was incorporated in June of 1998 under the name of "Madison-Taylor General Contractors, Inc." and intended to engage as a general contractor for constructing temporary buildings at exploratory mining locations. Madison-Taylor General Contractors, Inc. was unable to implement the business and remained inactive from 1998 until 2004. The Company commenced operations under its current name in April of 2004. After implementing the Company's current plan of operation, the Company has relied on advances and contributions of capital of approximately \$28,100 from our principal stockholders, an additional shareholder loan of \$25,000 and proceeds of approximately \$144,000 from the sale of a 20% interest in one of the Company's claims (Bulls Eye), the sale of a 15% interest in another claim (Bronco), and a further sale of 15% in another claim (Woodmountain North) to support its limited operations. The Company has also entered into a private placement agreement whereby the Company issued 200,000 Regulation S Common shares in exchange for \$50,000. As of June 30, 2006, the Company had approximately \$81,142 of cash. The Company will need additional equity or debt financing of up to \$2,000,000 to fully implement its planned

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exploration program.

### GEOLOGICAL REPORT: SOUTHERN SASKATCHEWAN

Dr. Joseph Montgomery has prepared a geological report on the Wood Mountain District. The report summarizes some of the Company's claims in the area and the geological formations on the claims that have been identified by aeromagnetic survey and other mineral exploration activities done in the past.

In his report, Dr. Joseph Montgomery has recommend to us that we proceed with a three-phase, staged exploration program in the Wood Mountain District based on his conclusion that prospecting, geophysical surveys and soil and rock sampling are the exploration techniques that have been the most successful in diamond bearing kimberlite rock in the region.

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

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### 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 & Supervision

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

Phase 2 Total	\$178,500
---------------	-----------

### 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.

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### 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 & Supervision

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

Phase 3 Total \$151,400

### 24 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 2006 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 continue using Montgomery Consulting Ltd. and other 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 August 18, 2006, the Company has 73 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

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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, including a daily rate payable to Dr. Montgomery of \$400 per day in Canadian funds (approximately US \$332), plus out of pocket expenses, for time spent in the field.

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.

### OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

### ITEM 3. CONTROLS AND PROCEDURES.

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures as of June 30, 2006 were effective at a level



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that provides reasonable assurance to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There have been no changes in our internal controls over financial reporting or in other factors that could materially affect, or are reasonably likely to affect, our internal controls over financial reporting during the quarter ended June 30, 2006.

### 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, 2006.

During the three months ended March 31, 2006 we entered into a private placement agreement whereby we issued 200,000 Regulation S Common shares in exchange for \$50,000. No underwriters were involved and no fees were paid. We relied on an exemption from registration provided by Section 903 of Regulation S. All sales were offshore transactions, with no direct selling in the United States, the shares are restricted securities and cannot be sold to or for the account of a United States citizen without registration or unless an exemption from registration exists.

#### ITEM 3 - DEFAULTS BY THE COMPANY ON ITS SENIOR SECURITIES

None

#### ITEM 4 - SUBMISSION OF MATTER TO VOTE OF SECURITY HOLDERS

None

#### ITEM 5. OTHER INFORMATION.

##### BOARD MEETING.

Our board held one meeting during the current quarter, which was a special meeting by written consent.

##### AUDIT COMMITTEE.

Our board of directors has not established an audit committee. In addition, we do not have any other compensation or executive or similar committees. We will not, in all likelihood, establish an audit committee until such time as the

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Company generates a positive cash flow of which there can be no assurance. We recognize that an audit committee, when established, will play a critical role in our financial reporting system by overseeing and monitoring management's and the independent auditors' participation in the financial reporting process. At such time as we establish an audit committee, its additional disclosures with our auditors and management may promote investor confidence in the integrity of the financial reporting process.

Until such time as an audit committee has been established, the full board of directors will undertake those tasks normally associated with an audit committee to include, but not by way of limitation, the (i) review and discussion of the audited financial statements with management, and (ii) discussions with the independent auditors the matters required to be discussed by the Statement On Auditing Standards No. 61 and No. 90, as may be modified or supplemented.

Our board of directors consistent with our intent to enhance the reliability and credibility of our financial statements, have submitted the financial statements included in this Form 10-QSB to our independent auditor prior to the filing of this report.

### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

There were no reports on Form 8-K filed during the quarter for which this report is filed. The following exhibits are filed with this report:

31.1 Certification of Chief Executive Officer.

31.2 Certification of Chief Financial Officer.

32.1 Section 906 Certification of Chief Executive Officer.

32.2 Section 906 Certification of Chief Financial Officer.

### 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.

DATED: August 18, 2006

MADISON EXPLORATION, INC.

BY: /s/ KEVIN M. STUNDER

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Kevin M. Stunder  
Chief Executive Officer and Director

BY: /s/ JOEL HASKINS

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Joel Haskins  
Chief Financial Officer and Director