

MADISON EXPLORATIONS, INC.  
Form 10-Q  
August 19, 2014

**United states**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended **June 30, 2014**

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

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

**Commission file number 000-51302**

**madison explorations, inc.**

(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of incorporation or organization)

00-0000000  
(I.R.S. Employer Identification No.)

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2825 E. Cottonwood Parkway, Suite 500, Salt Lake City, Utah 84121  
(Address of principal executive offices) (Zip Code)

801-326-0110  
(Registrant's telephone number, including area code)

n/a  
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 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 ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (s. 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

☐ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Larger accelerated filer ☐ Accelerated filer ☐  
Non-accelerated filer ☐ **Smaller reporting company** ☒  
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☒ Yes ☐ No

**Applicable only to corporate issuers**

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

<b>Class</b>	<b>Outstanding at August 14, 2014</b>
Common Stock - \$0.001 par value	113,020,000

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**part I – financial information**

**Item 1. Financial Statements.**

**interim Consolidated Financial Statements**

**JUNE 30, 2014**

(unaudited)

**MADISON EXPLORATIONS, INC.**

**(An Exploration Stage Enterprise)**

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**MADISON EXPLORATIONS, INC.****(An Exploration Stage Enterprise)****Consolidated interim Balance Sheets**

(Unaudited)

	June 30, 2014	December 31, 2013
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$22,755	\$9,941
	22,755	9,641
Technology assets – Note 4	50,000	-
Total Assets	\$72,755	\$9,941
<b>LIABILITIES AND STOCKHOLDERS' DEFICIENCY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$18,505	\$31,842
Notes Payable and accrued interest - Note 5	107,298	80,310
Convertible notes payable - Note 8	85,833	76,000
Related party advance - Note 6	261	261
TOTAL LIABILITIES	211,897	188,413
Note 2 Going Concern		
<b>STOCKHOLDERS' DEFICIT</b>		
Common Stock - Note 7 Par Value: \$0.0001 Authorized 500,000,000 shares Issued and outstanding: 113,020,000 shares	113,200	113,200
Additional Paid in Capital	72,882	72,882
Shares authorized for issue, but not issued - Note 4	50,000	-
Accumulated other comprehensive loss	(5,915 )	(5,814 )
Accumulated deficit during exploration stage	(394,129)	(358,560)
Total stockholders' deficiency	(139,142)	(178,472)
Total liabilities and stockholders' deficiency	\$72,755	\$9,941

See Accompanying Notes to Consolidated Interim Financial Statements.

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**MADISON EXPLORATIONS, INC.****(An Exploration Stage Enterprise)****Consolidated interim Statements of Operations**

(unaudited)

	<b>For the 3 months ended June 30, 2014</b>	<b>For the 3 months ended June 30, 2013</b>	<b>For the 6 months ended June 30, 2014</b>	<b>For the 6 months ended June 30, 2013</b>	<b>June 15,1998 (inception) to June 30, 2014</b>
Revenues	\$-	\$-	\$-	\$-	\$ 144,000
Operating expenses					
Exploration and development	-	-	-	-	109,040
General and administrative	19,082	3,769	23,848	7,141	309,821
	19,082	3,769	23,848	7,141	418,861
Income (loss) before other expense	(19,082 )	(3,769 )	(23,848 )	(7,141 )	(274,861 )
Other expense - interest	(6,381 )	(5,356 )	(11,721 )	(11,475 )	(119,268 )
Net loss	(25,463 )	(9,125 )	(35,569 )	(18,616 )	(394,129 )
Other Comprehensive income (loss)					
Translation gain (loss)	(1,345 )	1,260	(101 )	2,063	(5,915 )
Total comprehensive loss	\$(26,808 )	\$(7,865 )	\$(35,670 )	\$(16,553 )	\$(400,044 )
Net loss per share - Basic and diluted	\$(0.000 )	\$(0.000 )	\$(0.000 )	\$(0.000 )	
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 Interim Financial Statements.



**MADISON EXPLORATIONS, INC.****(An Exploration Stage Enterprise)****Consolidated interim StatementS of cash flows**

(unaudited)

	<b>For the six months ended June 30, 2014</b>	<b>For the six months ended June 30, 2013</b>	<b>June 15, 1998 (inception) to June 30, 2014</b>
<b>Cash Flows from operating activities:</b>			
Net loss	\$(35,569)	\$(18,616)	\$(394,129 )
Amortization of convertible debt discount recorded as interest	9,833	9,750	85,833
Accrued interest on notes payable	1,888	1,725	28,836
Adjustments to reconcile net loss to cash used in operating activities			
Changes assets and liabilities			
Accounts payable and accruals	(13,338)	(7,490 )	18,505
Net cash used in operating activities	(37,186)	(14,631)	(260,955 )
<b>Cash Flows From Investing Activities</b>			
Net cash provided (used in) investing activities	-	-	-
	-	-	-
<b>Cash Flows from financing activities:</b>			
Issuance of common stock	-	-	113,020
Capital contribution	-	-	(57,118 )
Notes payable	25,000	-	72,547
Proceeds of convertible notes payable	25,000	25,000	155,000
Related Party advances	-	(300 )	261
Net Cash provided by (used in) financing activities	50,000	24,700	383,710
Net increase (decrease) in cash	12,814	10,069	22,755
Cash, beginning of period	9,941	3,969	-
Cash, end of period	\$22,755	\$14,038	\$22,755

**SUPPLEMENTAL DISCLOSURE**

Interest	\$11,721	\$11,475	\$119,268
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Taxes paid	\$-	\$-	\$-
5,000,000 shares authorized but not issued for technology assets. Note – 4	\$50,000	\$-	\$ 50,000

See Accompanying Notes to Consolidated Interim Financial Statements

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**MADISON EXPLORATIONS, INC.**

**(An Exploration Stage Enterprise)**

**NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**(UNAUDITED)**

**JUNE 30, 2014**

**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, 2013 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, 2013 annual financial statements. Operating results for the six months ended June 30, 2014 are not necessarily indicative of the results that can be expected for the year ended December 31, 2014.

**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 consolidated interim 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, 2014, the Company had not yet achieved profitable operations, has accumulated losses of \$394,129 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.

**Note 3 Summary of Significant Accounting Policies**

a) Year end

The Company has elected a December 31st fiscal year end.

b) Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. As at June 30, 2014, the Company did not have any cash equivalents (2013 – \$nil), and \$0 was deposited in accounts that were federally insured (2013 - \$0).

**MADISON EXPLORATIONS, INC.**

**(An Exploration Stage Enterprise)**

**NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(UNAUDITED)

**JUNE 30, 2014**

**Note 3 Summary of Significant Accounting Policies - continued**

c) Revenue Recognition

The Company recognizes revenue when a contract is in place, minerals are delivered to the purchaser and collectability is reasonably assured.

d) Stock-Based Compensation

The Company follows the guideline under FASB ASC Topic 718 "*Compensation-Stock Compensation*" for all stock based compensation plans, including employee stock options, restricted stock, employee stock purchase plans and stock appreciation rights. Stock compensation expenses are to be recorded using the fair value method.

e) Basic and Diluted Net Income (Loss) per Share

The Company reports basic loss per share in accordance FASB ASC Topic 260, "*Earnings per share*". Basic net income (loss) per share is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share on the potential exercise of the equity-based financial instruments is not presented where anti-dilutive.

f) Comprehensive Income

In accordance with FASB ASC Topic 220 "*Comprehensive Income*," comprehensive income consists of net income and other gains and losses affecting stockholder's equity that are excluded from net income, such as unrealized gains and losses on investments available for sale, foreign currency translation gains and losses and minimum pension liability.

g) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in the future, actual results may ultimately differ from the estimates. Management believes such estimates to be reasonable.

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**MADISON EXPLORATIONS, INC.**

**(An Exploration Stage Enterprise)**

**NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**(UNAUDITED)**

**JUNE 30, 2014**

**Note 3 Summary of Significant Accounting Policies - continued**

**h)Fair Value Measurements**

The Company follows FASB ASC 820, “*Fair Value Measurements and Disclosures*”, for all financial instruments and non-financial instruments accounted for at fair value on a recurring basis. This new accounting standard establishes a single definition of fair value and a framework for measuring fair value, sets out a fair value hierarchy to be used to classify the source of information used in fair value measurement and expands disclosures about fair value measurements required under other accounting pronouncements. It does not change existing guidance as to whether or not an instrument is carried at fair value. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk. The Company has adopted FASB ASC 825, “*Financial Instruments*”, which allows companies to choose to measure eligible financial instruments and certain other items at fair value that are not required to be measured at fair value. The Company has not elected the fair value option for any eligible financial instruments.

**i)Financial Instruments**

**Fair Value**

The fair value of the convertible notes payable is based on their beneficial conversion feature at the time of commitment, which requires allocation of the instrument between the host debt and the embedded equity component. Based on the intrinsic value of the conversion feature, the total value of the instruments was allocated to the equity component and included in additional paid-in capital. The balance of nil was allocated to the host debt.

The resulting discounts are being amortized to income over 60 months.

The fair value of the technology received and the shares issued has been determined in accordance with FASB ASC Topic 845 "*Nonmonetary Transactions*". The basis for the value of the transaction is the determination of the value of shares issued as this is more clearly evident than the value of the technology. The share value of \$.01 per share has been used for the last 4 years for all convertible debt issued.

Risks:

Financial instruments that potentially subject the Company to credit risk consist principally of cash. Management does not believe the Company is exposed to significant credit risk.

Management, as well, does not believe the Company is exposed to significant interest rate risks during the Period presented in these financial statements.

The accompanying financial statements do not include any adjustments that might result from the eventual outcome of the risks and uncertainties described above.



**MADISON EXPLORATIONS, INC.**

**(An Exploration Stage Enterprise)**

**NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**(UNAUDITED)**

**JUNE 30, 2014**

**Note 3 Summary of Significant Accounting Policies - continued**

**j)Income Taxes**

The Company accounts for income taxes under an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. In estimating future tax consequences, all expected future events other than enactment of changes in the tax laws or rates are considered.

Due to the uncertainty regarding the Company's future profitability, the future tax benefits of its losses have been fully reserved.

**k)Impairment 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.

**l)Foreign Currency Translation and Transactions**

The Company's functional currency is US dollars. Foreign currency balances are translated into US dollars as follows:

Monetary assets and liabilities are translated at the period-end exchange rate. Non-monetary assets are translated at the rate of exchange in effect at their acquisition, unless such assets are carried at market or nominal value, in which case they are translated at the period-end exchange rate. Revenue and expense items are translated at the average exchange rate for the period. Foreign exchange gains and losses in the period are included in operations

The functional currency of the wholly owned subsidiary 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' deficit while foreign currency transaction gains and losses are included in operations.

#### m) 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.

**MADISON EXPLORATIONS, INC.**

**(An Exploration Stage Enterprise)**

**NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**(UNAUDITED)**

**JUNE 30, 2014**

**Note 3 Summary of Significant Accounting Policies - continued**

n)Consolidation

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

o)Derivative Instruments

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards (“SFAS”) No. 133, “Accounting for Derivative Instruments and Hedging Activities,” as amended by SFAS No. 137, “Accounting for Derivative Instruments and Hedging Activities – Deferral of the Effective Date of FASB No. 133”, SFAS No. 138, “Accounting for Certain Derivative Instruments and Certain Hedging Activities”, and SFAS No. 149, “Amendment of Statement 133 on Derivative Instruments and Hedging Activities”, which is effective for the Company as of its inception. These statements establish accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. They require that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value.

If certain conditions are met, a derivative may be specifically designated as a hedge, the objective of which is to match the timing of gain or loss recognition on the hedging derivative with the recognition of (i) the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk or (ii) the earnings effect of the hedged forecasted transaction. For a derivative not designated as a hedging instrument, the gain or loss is recognized in income in the period of change. The Company has not entered into derivative contracts to hedge existing risks or for speculative purposes.

p)Recent Accounting Pronouncements

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

**Note 4 Technology Assets**

On May 28, 2014, the Company finalized the asset purchase of the 'CannaStrips' technology – a smokeless cannabis delivery technology. – by authorizing the issue of 5,000,000 restricted shares at a value of \$.01 each. However, the shares have not yet been issued, as the Company is awaiting regulatory approval with respect to earlier filings.

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**MADISON EXPLORATIONS, INC.**

**(An Exploration Stage Enterprise)**

**NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**(UNAUDITED)**

**JUNE 30, 2014**

**Note 5 Notes Payable**

The Company has two notes payable to Paleface Holdings Inc. Each note is unsecured and payable on demand.

a) \$25,000 note with annual interest payable at 8%.

As at June 30, 2014, accrued interest on the note was \$18,597 (June 30, 2013 - \$16,797). The note payable balance including accrued interest was \$43,797 as at June 30, 2014 (June 30, 2013 - \$41,797). Interest on the debt for each of the years ended December 31 was \$2,000.

b) \$26,423 (\$30,000 CDN) with annual interest payable at 5%

As at June 30, 2014, accrued interest on the note was \$10,536 (June 30, 2013 - \$8,906). The note payable balance including accrued interest was \$36,608 as at June 30, 2014 (June 30, 2013 - \$37,406). Interest on debt for the 6 months ended June 30 was \$717 in 2014 and \$725 in 2013

The company has an unsecured note payable on demand to Gens Incognito Inc., for \$25,000. As at June 30, 2014, accrued interest on the note was \$197 (June 30, 2013 - \$0). The note payable balance including accrued interest was \$25,197 as at June 30, 2014 (June 30, 2013 - \$0)

**Note 6 Related Party Advances**

In 2008 the President advanced the Company \$561 repayable without interest or any other terms. The unpaid balance as at June 30, 2014 is \$261. There were no related party transactions in the six months ended June 30, 2014.

**Note 7 Common Stock**

On June 15, 1998 the Company authorized and issued 53,750,000 shares of its common stock in consideration of \$430 in cash. (\$.000008 per share.)

On June 7, 2004 the Company issued 59,070,000 shares in consideration of \$472 in cash. (\$.000008 per share.)

On June 14, 2001 the Company approved a forward stock split of 5,000:1. These financial statements have been retroactively adjusted to effect this split.

On March 30, 2006 the Company entered into a private placement agreement whereby the Company issued 200,000 Regulation-S shares in exchange for \$50,000. (\$.25 per share)

On May 28, 2014 the Company authorized for issue 5,000,000 restricted shares for the technology assets known as “CannaStrips.” The shares have not yet been issued as the Company is awaiting regularly approval.

There are no shares subject to warrants, options or other agreements as June 30, 2014.

**MADISON EXPLORATIONS, INC.**

**(An Exploration Stage Enterprise)**

**NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**(UNAUDITED)**

**JUNE 30, 2014**

**Note 8 Convertible Note Payable**

There are six convertible notes payable which are non-interest bearing, unsecured and payable on demand. At any time prior to repayment any portion or the entire note may be converted into common stock at the discretion of the holder on the basis of \$0.01 of debt to 1 share. The effect that conversion would have on earnings per share has not been disclosed due to the current anti-dilutive effect

The balance of the first convertible note payable is as follows:

	June 30, 2014	Dec 31, 2013
Balance		
Proceeds from promissory note	\$40,000	\$40,000
Value allocated to additional paid-in capital	40,000	40,000
Balance allocated to convertible note payable	-	-
Amortized discount	40,000	40,000
Balance, convertible note payable	\$40,000	\$40,000

The total discount of \$40,000 was amortized over 5 years starting April, 2008.

The balance of the second convertible note is as follows:

June 30, 2014	Dec 31, 2013
------------------	-----------------

Balance

Proceeds from promissory note	\$20,000	\$20,000
Value allocated to additional paid-in capital	20,000	20,000
Balance allocated to convertible note payable	-	-
Amortized discount	16,000	14,000
Balance, convertible note payable	\$16,000	\$14,000

The total discount of \$20,000 is being amortized over 5 years starting June 2010. Accordingly, the annual interest rate is 20% and for the six months ended June 30, 2014 and 2013, \$2,000 was recorded as interest expense. As at June 30, 2014, the unamortized discount was \$4,000



**MADISON EXPLORATIONS, INC.**

**(An Exploration Stage Enterprise)**

**NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**(UNAUDITED)**

**JUNE 30, 2014**

**Note 8 Convertible Note Payable (Continued)**

The total discount of \$10,000 is being amortized over 5 years starting June 2010. Accordingly, the annual interest rate is 20% and for the six months ended June 30, 2014 and 2013, \$1,000 was recorded as interest expense. As at June 30, 2014, the unamortized discount was \$5,000.

The balance of the third convertible note payable is as follows:

	June 30, 2014	Dec 31, 2013
Balance		
Proceeds from promissory note	\$10,000	\$10,000
Value allocated to additional paid-in capital	10,000	10,000
Balance allocated to convertible note payable	-	-
Amortized discount	6,500	5,500
Balance, convertible note payable	\$6,500	\$5,500

The total discount of \$10,000 is being amortized over 5 years starting April, 2011. Accordingly, the annual interest rate is 20% and for the six months ended June 30, 2014 and 2013, \$1,000 was recorded as interest expense. As at June 30, 2014, the unamortized discount was \$3,500.

The balance of the fourth convertible note payable is as follows:

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	June 30, 2014	Dec 31, 2013
Balance		
Proceeds from promissory note	\$ 10,000	\$ 10,000
Value allocated to additional paid-in capital	10,000	10,000
Balance allocated to convertible note payable	-	-
Amortized discount	6,250	5,250
Balance, convertible note payable	\$6,250	\$5,250

The total discount of \$10,000 is being amortized over 5 years starting May, 2011. Accordingly, the annual interest rate is 20% and for the six months ended June 30, 2014 and 2013, \$1,000 was recorded as interest expense. As at June 30, 2014, the unamortized discount was \$3,750.

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**MADISON EXPLORATIONS, INC.**

**(An Exploration Stage Enterprise)**

**NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**(UNAUDITED)**

**JUNE 30, 2014**

**Note 8 Convertible Note Payable (Continued)**

The balance of the fifth convertible note payable is as follows:

	June 30, 2014	Dec 31, 2013
Balance		
Proceeds from promissory note	\$25,000	\$25,000
Value allocated to additional paid-in capital	25,000	25,000
Balance allocated to convertible note payable	-	-
Amortized discount	10,000	7,500
Balance, convertible note payable	\$10,000	\$7,500

The total discount of \$25,000 is being amortized over 5 years starting July, 2012. Accordingly, the annual interest rate is 20% and for the six months ended June 30, 2014 and 2013 2,500 was recorded as interest expense. As at June 30, 2014 the unamortized discount was \$15,000.

The balance of the sixth convertible note payable at is as follows:

	June 30, 2014	Dec 31, 2013
Balance		
Proceeds from promissory note	\$25,000	\$25,000
Value allocated to additional paid-in capital	25,000	25,000

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Balance allocated to convertible note payable		-
Amortized discount	6,250	3,750
Balance, convertible note payable	\$6,250	\$3,750

The total discount of \$25, is being amortized over 5 years starting April, 2013. Accordingly, the annual interest rate is 20% and for the six months ended June 30, 2014 \$2,500 was recorded as interest expense. As at June 30, 2014 the unamortized discount was \$18,750.

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**MADISON EXPLORATIONS, INC.**

**(An Exploration Stage Enterprise)**

**NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**(UNAUDITED)**

**JUNE 30, 2014**

**Note 8 Convertible Note Payable (Continued)**

There is one convertible note payable which is non-interest bearing, unsecured and payable on demand. At any time prior to repayment any portion or the entire note may be converted into common stock at the discretion of the holder on the basis of \$0.045 of debt to 1 share. The effect that conversion would have on earnings per share has not been disclosed due to the current anti-dilutive effect

The balance of this convertible note payable is as follows:

	June 30, 2014	Dec 31, 2013
Balance		
Proceeds from promissory note	\$25,000	\$ -
Value allocated to additional paid-in capital	25,000	-
Balance allocated to convertible note payable	-	-
Amortized discount	833	-
Balance, convertible note payable	\$833	\$ -

The total discount of \$25,000 is being amortized over 5 years starting May, 201. Accordingly, the annual interest rate is 20% and for the six months ended June 30, 2014 \$833 was recorded as interest expense. As at June 30, 2014 the unamortized discount was \$24,168.

**Note 9 Financial Statement Presentation**

Certain prior year accounts have been reclassified to conform with the presentation used in 2014

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## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operation.**

The following discussion of Madison’s financial condition, changes in financial condition and results of operations for the three months ended June 30, 2014 should be read in conjunction with Madison’s unaudited consolidated financial statements and related notes for the three months ended June 30, 2014.

### **Forward Looking Statements**

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements involve risks and uncertainties, including statements regarding Madison’s capital needs, business plans and expectations. Such forward-looking statements involve risks and uncertainties regarding Madison’s ability to carry out its planned exploration programs on its mineral properties. Forward-looking statements are made, without limitation, in relation to Madison’s operating plans, Madison’s liquidity and financial condition, availability of funds, operating and exploration costs and the market in which Madison competes. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may”, “will”, “should”, “expect”, “plan”, “intend”, “anticipate”, “estimate”, “predict”, “potential” or “continue”, the negative of such terms or other comparable terminology. Actual events or results may differ materially. In evaluating these statements, you should consider various factors, including the risks outlined below, and, from time to time, in other reports Madison files with the SEC. These factors may cause Madison’s actual results to differ materially from any forward-looking statement. Madison disclaims any obligation to publicly update these statements, or disclose any difference between its actual results and those reflected in these statements. The information constitutes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

### **Plan of Operation**

Madison was engaged in the business of diamond exploration in the Southern area of the Province of Saskatchewan, Canada. During the 2008 financial year, with the exception of two, all Madison’s mineral claims expired. The two remaining claims expired on March 12, 2009.

Madison is currently developing and marketing a commercial cannabis technology called ‘Cannatrips’. The company intends to make the technology commercially viable. The company intends to re-brand the Technology, build its own distribution system, sales force, customer base and may be required to apply for individual state and federal governmental approved licences to test and seek approval of the use of the Technology. The company has budgeted

\$100,000 over the next 12 months to develop and market the Cannastrips technology.

For the past five years Madison had been evaluating mineral properties with the goal of identifying properties for acquisition. To date, Madison has not identified properties that it intends to acquire and has not entered into any agreements for the acquisition of any interest in a new mineral property.

On April 17, 2014 Madison entered into a letter of intent for the acquisition of all of the rights, title and interest in a cannabis delivery technology known as 'CannaStrips' ( the Technology), including all intellectual property, equipment, and technology used in and related to the Technology, and including any related technology or related applications to be developed. Madison had 30 days to complete its due diligence on the Technology. During that time period, Madison will have the exclusive right to acquire the Technology on certain terms and conditions, including, among others, US\$50,000 payable in 5 million restricted common shares of Madison explorations inc. at a deemed price of \$0.01 per share.

On May 28, 2014 the Board of Directors of Madison approved the asset purchase of the CannaStrips technology and gave approval to formally authorize the Company to close the CannaStrips Asset Purchase and acquire the CannaStrips technology and related intellectual property. The transaction formally closed on May 28, 2014.

At Closing the Board authorized the issuance of 5,000,000 shares of unregistered restricted Common Stock to Brent Inzer at the date of this filing these share are authorized but not issued.



Madison has minimal finances and accordingly there is no assurance that it will be able to acquire an interest in any new technologies. Management anticipates that Madison will have to complete additional financings in connection with the acquisition of any interest in a new technology. Currently, Madison has no arrangements for any financing required to fund its continued operations or the acquisition of any interest in a new cannabis based technology.

Further, even if Madison is able to acquire an interest in a cannabis based technology, there is no assurance that it will be able to raise the financing necessary to complete the development of any new cannabis based technologies to a commercially viable state. Based on Madison's financial position, there is no assurance that Madison will be able to continue its business operations.

Madison's viability and potential success lie in its ability to acquire, exploit, develop and generate revenue from future cannabis based technology acquisitions. There can be no assurance that such revenues will be obtained. The development of cannabis based technologies involves significant financial and regulatory risks over a long period of time, which, even with a combination of careful evaluations, experience and knowledge, may not be eliminated. It is impossible to ensure that proposed technology developments will be successful. The inability of Madison to locate acquire and develop any new cannabis based technology will have a material adverse effect on its operations and could result in a total loss of its business.

Management anticipates incurring the following expenses during the next 12 month period:

Management anticipates spending approximately \$2,500 in ongoing general and administrative expenses per month for the next 12 months, for a total anticipated expenditure of \$30,000 over the next 12 months. The general and administrative expenses for the year will consist primarily of professional fees for the audit and legal work relating to Madison's regulatory filings throughout the year, as well as transfer agent fees, annual mineral claim fees and general office expenses.

Management anticipates spending approximately \$15,000 in complying with Madison's obligations as a reporting company under the *Securities Exchange Act of 1934* and as a reporting issuer in Canada. These expenses will consist primarily of professional fees relating to the preparation of Madison's financial statements and completing and filing its annual report, quarterly report, and current report filings with the SEC and with SEDAR in Canada.

Management anticipates spending approximately \$100,000 to develop and market the Cannastrips technology the company acquired on May 28, 2014

As at June 30, 2014, Madison had cash of \$22,755 and a working capital deficit of \$139,142. Accordingly, Madison will require additional financing in the amount of \$261,387 in order to fund its obligations as a reporting company under the *Securities Act of 1934* and its general and administrative expenses for the next 12 months.

During the 12 month period following the date of this report, management anticipates that Madison will not generate any revenue. Accordingly, Madison will be required to obtain additional financing in order to continue its plan of operations. Management believes that debt financing will not be an alternative for funding Madison's plan of operations as it does not have tangible assets to secure any debt financing. Rather management anticipates that additional funding will be in the form of equity financing from the sale of Madison's common stock. However, Madison does not have any financing arranged and cannot provide investors with any assurance that it will be able to raise sufficient funding from the sale of its common stock to fund its plan of operations. In the absence of such financing, Madison will not be able to acquire any interest in a new property and its business plan will fail. Even if Madison is successful in obtaining equity financing and acquire an interest in a new property, additional exploration on the mineral property will be required before a determination as to whether commercially exploitable mineralization is present. If Madison does not continue to obtain additional financing, it will be forced to abandon its business and plan of operations.

## **Risk Factors**

An investment in Madison's common stock involves a number of very significant risks. Prospective investors should refer to all the risk factors disclosed in Madison's Form 10-K filed on April 15, 2009.

## **Liquidity and Capital Resources**

### ***Cash and Working Capital***

As at June 30, 2014, Madison had cash of \$22,755 and a working capital deficit of \$139,142, compared to cash of \$9,941 and working capital deficit of \$178,472 as at December 31, 2013.

There are no assurances that Madison will be able to achieve further sales of its common stock or any other form of additional financing. If Madison is unable to achieve the financing necessary to continue its plan of operations, then Madison will not be able to continue its exploration programs and its business will fail.

The officers and directors have agreed to pay all costs and expenses of having Madison comply with the federal securities laws (and being a public company, should Madison be unable to do so). Madison's officers and directors have also agreed to pay the other expenses of Madison, excluding mineral property acquisition cost, those direct costs and expenses of data gathering and mineral exploration, should Madison be unable to do so. To implement its business plan, Madison will need to secure financing for its business development. Madison currently has no source for funding at this time.

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

## **Net Cash Used in Operating Activities**

Madison used cash of \$37,186 in operating activities during the first nine months of fiscal 2014 compared to cash used of \$14,631 in operating activities during the same period in the previous fiscal year. The increase in the operating

activities was principally a result of an increase in accounts payable and accruals.

### Net Cash Provided (Used in) Investing Activities

Net cash used in investing activities was \$nil for the first six months of fiscal 2014 as compared with cash flow from investing activities of \$nil for the same period in the previous fiscal year.

### Net Cash Provided by Financing Activities

Net cash flows provided by financing activities were \$50,000 for the first six months of fiscal 2014, as a result of \$50,000 from proceeds of a note payable. Madison generated \$24,700 from financing activities during the first six months of fiscal 2012 from the proceeds of a note payable.

### Results of Operations – Three months ended June 30, 2014 and June 30, 2013

References to the discussion below to fiscal 2013 are to Madison's current fiscal year, which will end on December 31, 2013. References to fiscal 2012 are to Madison's fiscal year ended December 31, 2012.

	For the Three Months Ended June 30, 2014 \$	For the Three Months Ended June 30, 2013 \$	For the Six Months Ended June 30, 2014 \$	For the Six Months Ended June 30, 2013 \$	Accumulated from June 15, 1998 (Date of Inception) to June 30, 2014 \$
<b>Revenue</b>		—		—	144,000
<b>Operating expenses</b>					
Exploration and Development	-	-	-	-	109,040
General and administrative	19,082	3,769	23,848	7,141	309,821
Other expense – interest	6,381	5,356	11,721	11,475	119,268
<b>Net income (Loss)</b>	<b>25,463</b>	<b>(9,125 )</b>	<b>35,569</b>	<b>(18,616 )</b>	<b>(394,129 )</b>
Translation gain (loss)	(1,345 )	1,260	(101 )	2,063	(5,915 )
<b>Total Expenses</b>	<b>(26,808 )</b>	<b>(7,865 )</b>	<b>(35,670 )</b>	<b>(16,553 )</b>	<b>(400,044 )</b>



### **Going Concern**

Madison has not attained profitable operations and is dependent upon obtaining financing to pursue any extensive business activities. For these reasons Madison's auditors stated in their report that they have substantial doubt Madison will be able to continue as a going concern.

### **Future Financings**

Management anticipates continuing to rely on equity sales of Madison's common stock in order to continue to fund its business operations. Issuances of additional common stock will result in dilution to Madison's existing stockholders. There is no assurance that Madison will achieve any additional sales of its common stock or arrange for debt or other financing to fund its planned activities.

### **Off-balance Sheet Arrangements**

Madison has no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

### **Material Commitments for Capital Expenditures**

Madison had no contingencies or long-term commitments at June 30, 2014.

### **Tabular Disclosure of Contractual Obligations**

Madison is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information required under this item.

## **Critical Accounting Policies**

Madison's financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management's application of accounting policies. Management believes that understanding the basis and nature of the estimates and assumptions involved with the following aspects of Madison's financial statements is critical to an understanding of Madison's financial statements.

### ***Use of Estimates***

The preparation of financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses in the reporting period. Madison regularly evaluates estimates and assumptions related to the recovery of long-lived assets, donated expenses and deferred income tax asset valuation allowances. Madison bases its estimates and assumptions on current facts, historical experience and various other factors that management believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by Madison may differ materially and adversely from Madison's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

### ***Mining Costs***

Madison has been in the exploration stage since its inception on June 15, 1998 and has not yet realized any revenues from its planned operations. It is primarily engaged in the acquisition and exploration of mining properties. 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. Madison 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.

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

Madison is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information required under this item.

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

#### **Evaluation of Disclosure Controls and Procedures**

Management maintains "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "**Exchange Act**"), that are designed to ensure that information required to be disclosed in Madison's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to management, including Madison's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

In connection with the preparation of this quarterly report on Form 10-Q, an evaluation was carried out by management, with the participation of the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of Madison's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of June 30, 2014.



Based on the evaluation and the identification of the material weaknesses in Madison's internal control over financial reporting, as described in its Form 10-K for the year ended December 31, 2009, the Chief Executive Officer and the Chief Accounting Officer concluded that, as of June 30, 2014, Madison's disclosure controls and procedures were effective.

#### **Changes in Internal Controls over Financial Reporting**

There were no changes in Madison's internal controls over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the quarter ended June 30, 2014, that materially affected, or are reasonably likely to materially affect, Madison's internal control over financial reporting.

#### **Limitations on the Effectiveness of Controls and Procedures**

Management, including our Chief Executive Officer and Chief Financial Officer, does not expect that Madison's 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.

## **Part II – Other Information**

### **Item 1. Legal Proceedings.**

Madison is not a party to any pending legal proceedings and, to the best of Madison's knowledge, none of Madison's property or assets are the subject of any pending legal proceedings.

### **Item 1A. Risk Factors.**

Madison is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information required under this item.

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

During the quarter of the fiscal year covered by this report, (i) Madison did not modify the instruments defining the rights of its shareholders, (ii) no rights of any shareholders were limited or qualified by any other class of securities, and (iii) Madison did not sell any unregistered equity securities.

### **Item 3. Defaults Upon Senior Securities.**

During the quarter of the fiscal year covered by this report, no material default has occurred with respect to any indebtedness of Madison. Also, during this quarter, no material arrearage in the payment of dividends has occurred.

### **Item 4. Mining Safety Disclosures.**

There are no current mining activities at the date of this report.

## Item 5. Other Information.

During the quarter of the fiscal year covered by this report, Madison reported all information that was required to be disclosed in a report on Form 8-K.

Madison has adopted a new code of ethics that applies to all its executive officers and employees, including its CEO and CFO. See Exhibit 14 – Code of Ethics for more information. Madison undertakes to provide any person with a copy of its financial code of ethics free of charge. Please contact Madison at 801-326-0110 to request a copy of Madison's code of ethics. Management believes Madison's code of ethics is reasonably designed to deter wrongdoing and promote honest and ethical conduct; provide full, fair, accurate, timely and understandable disclosure in public reports; comply with applicable laws; ensure prompt internal reporting of code violations; and provide accountability for adherence to the code.

On January 20, 2009 the commission issued a new release announcing a CTO (Failure to File) against Madison stating;

1. The Reporting Issuer [Madison] is an OTC reporting issuer under BC Instrument 51-509 Issuers Quoted in the U.S. Over-the-Counter Markets.

2. The Reporting Issuer has not filed:

1. interim financial statements for the financial period ended September 30, 2008, as required under Part 4 of National Instrument 51-102 (NI 51-102), and

2. a Form 51-102F1 Management's Discussion and Analysis for the period ended September 30, 2008, as required under Part 5 of NI 51-102,

On May 21, 2014 Madison's board of directors made an application under National Instrument 12-202 (NI 12-202) to the BC Securities Commission for a full revocation of the CTO.

As of June 27, 2014 has filed all the required disclosure documents as required under NI 51-102, including all disclosure documents to bring it current with its filings, and intends to continue to meet its' Continuous Disclosure Obligation requirements under NI 51-102.

As of date of this filing the BC Securities Commission and has not yet revoked the CTO.

**Item 6. Exhibits****(a) Index to and Description of Exhibits**

All Exhibits required to be filed with the Form 10-Q are included in this quarterly report or incorporated by reference to Madison's previous filings with the SEC, which can be found in their entirety at the SEC website at [www.sec.gov](http://www.sec.gov) under SEC File Number 000-51302.

<b>Exhibit</b>	<b>Description</b>	<b>Status</b>
<b>3.1</b>	Articles of Incorporation, filed as an exhibit to Madison's registration statement on Form 10-SB filed on May 4, 2005, and incorporated herein by reference.	Filed
<b>3.2</b>	By-Laws, filed as an exhibit to Madison's registration statement on Form 10-SB filed on May 4, 2005, and incorporated herein by reference.	Filed
<b>10.3</b>	Letter of Intent dated April 17, 2014 between Brent Inzer Madison Explorations Inc., filed as an exhibit to Madison's Form 8-K filed on April 22, 2014	Filed
<b>10.4</b>	Asset Purchase Agreement dated May 28, 2014 between Madison Explorations and Brent Inzer, filed as an exhibit to Madison's Form 8-K filed on June 2, 2014	Filed
<b>31</b>	Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Included
<b>32</b>	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Included
<b>101 *</b>	Financial statements from the quarterly report on Form 10-Q of Madison Explorations, Inc. for the quarter ended June 30, 2014, formatted in XBRL: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statement of Operations; (iii) the Consolidated Statements of Stockholders' Equity (Deficiency), and (iv) the Consolidated Statements of Cash Flows	To be filed at a later date

**\* In accordance with Rule 406T of Regulation S-T, the XBRL ("eXtensible Business Reporting Language") related information is furnished and not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections**

## Signatures

In accordance with the requirements of the Securities Exchange Act of 1934, Madison Explorations, Inc. has caused this report to be signed on its behalf by the undersigned duly authorized person.

**Madison Explorations, Inc.**

Dated: **August 19, 2014** By: */s/ Joseph Gallo*

Name: **Joseph Gallo**

Title: **President and Chief Executive Officer**  
**(Principal Executive Officer)**

