

August 2, 1988

This Rights Offering is made in Canada and elsewhere but not in the United States of America or any territory or possession thereof. This Rights Offering is not, and under no circumstances is to be construed as, an offering of any securities for sale in the United States of America or any territory or possession thereof or an offering to any resident of the United States of America or any territory or possession thereof or a solicitation therein of an offer to buy any shares or other securities of Western Canadian Mining Corporation.

WESTERN CANADIAN MINING CORPORATION

**OFFER TO THE HOLDERS OF COMMON SHARES
OF WESTERN CANADIAN MINING CORPORATION OF RIGHTS
TO ACQUIRE ADDITIONAL COMMON SHARES**

RIGHTS OFFERING CIRCULAR

Date:	August 16, 1988
Exercise period:	8:00 a.m. local time on August 17, 1988 to 4:00 p.m. local time on September 16, 1988
Subscription basis:	One Common Share for every seven Rights
Subscription price:	\$1.00 per Common Share

NOTICE TO RESIDENTS OF ALBERTA AND ONTARIO

In order to comply with the Securities Acts of the Provinces of Alberta and Ontario and the policies of the Ontario and Alberta Securities Commissions:

1. The rights issued pursuant to this offering to residents of Alberta and Ontario are not transferable in the said Provinces.
2. The securities issued to residents of Alberta and Ontario upon exercise of the rights may not be sold or otherwise disposed of for value in Alberta and Ontario, except pursuant to either a prospectus or a statutory exemption available only in specific and limited circumstances, unless or until, among other things, the Company has been a reporting issuer in the said Provinces for at least twelve months and disclosure to the appropriate Commission of the original purchase has been made.

The Company is not now a reporting issuer in Alberta nor in Ontario and does not presently intend to become a reporting issuer in the said Provinces.

D.L.
PROPERTY FILE - 05

Kerr A, B, C 104B194, 191, 188
Khyber Pass (Gosson) 104B138
Pyramid Hill 104B 207

SUMMARY OF RIGHTS OFFERING

Rights Issue: One Right for each Common Share of the Company held on the Record Date.

Record Date: August 16, 1988.

Date of Listing of Rights on the Vancouver Stock Exchange: August 10, 1988.

Date Rights trade for cash and not on usual settlement rules: September 9, 1988

Subscription Basis: Seven (7) Rights entitle the holder to one Common Share at a subscription price of \$1.00 per share.

Expiration Date: Rights not exercised by 4:00 p.m. (local time) on September 16, 1988 will be void and of no value.

Transfer of Rights: The Rights Certificates are in registered form and Rights may be bought or sold in Canada through usual investment channels. The Rights have been posted for trading on The Vancouver Stock Exchange.

In order to comply with the Securities Acts of the Provinces of Alberta and Ontario and the policies of the Ontario and Alberta Securities Commissions:

1. The rights issued pursuant to this offering to residents of Alberta and Ontario are not transferable in the said Provinces.
2. The securities issued to residents of Alberta and Ontario upon exercise of the rights may not be sold or otherwise disposed of for value in Alberta and Ontario, except pursuant to either a prospectus or a statutory exemption available only in specific and limited circumstances, unless or until, among other things, the Company has been a reporting issuer in the said Provinces for at least twelve months and disclosure to the appropriate Commission of the original purchase has been made.

USE OF PROCEEDS

The proceeds of \$1,145,837 that the Company will receive from this Offering will be used for the following purposes:

1. to pay the estimated costs in connection with this offering: \$ 15,000
2. to pay general and administrative expenses for the next twelve months including, office rent, utilities, salaries, insurance, legal and accounting expenses: \$250,000
3. to pay necessary option payments on the various prospects and properties of the Company, engineering and evaluation expenses in connection with additional exploration and development costs and for potential acquisitions of additional properties or interests: \$500,000
4. for working capital \$380,837

BUSINESS OF THE COMPANY

The Company was created in January, 1987 through the amalgamation pursuant to the British Columbia Company Act of Western Canadian Mining (WCM) Ltd. and Equine Resources Ltd. and is engaged in mineral exploration in Canada. The Company currently holds varying interests in 19 mineral exploration properties.

In the thirteen month period from April, 1987 to May, 1988, the Company expended \$2.04 million on exploration, of which \$1.42 million was spent on exploration surveys and extensive drilling on its two major projects, the Kerr and Gossan gold exploration properties located in northwestern British Columbia.

Major Projects

(a) Kerr Property

The Kerr Property is located approximately 38 miles north of Stewart, B.C. Access is by helicopter from the Stewart-Cassiar highway or from the Tide Lake airstrip near the minesite of Granduc Mines Ltd. The property comprises 121 claim units totalling 7,225 acres and the Company holds a 70% interest and is the operator of the project.

To May 31, 1988, Western and its joint venture partner, Sulphurets Gold Corporation, spent a total of \$785,210 for exploration on the property including trenching, rock sampling, and 5,261 feet of diamond drilling in 14 holes. Exploration within an outstanding gossan 6,500 feet long and 2,500 feet wide has identified three principal and two secondary targets.

The most advanced of these targets, the A Zone, contains high grade gold mineralization traced on surface for 1,000 feet. Values from surface samples are up to 4.16 ounces gold per ton with 12.53 ounces silver per ton and 1.05% copper. Two drill holes have followed the mineralization down dip for 200 feet with assays averaging 0.474 ounces gold per ton, 22.17 ounces silver per ton and 2.86% copper across an average interval of 6.6 feet.

A second gold zone, the C Zone, 2,000 feet to the east, contains up to 0.23 ounces gold per ton across 19.7 feet within a target area 2,300 feet long and 300 feet wide.

Between the two gold zones a geophysical survey and trench sampling have identified a copper target, known as the B Zone, 3,000 feet long and 600 feet wide. One drill hole within the zone returned 0.96% copper over 335 feet. The second drill hole, 500 feet to the west and inclined to just reach the zone, is 0.58% copper over the last 285 feet. Gold content is 0.01 ounce per ton.

In May, 1988 exploration crews on behalf of Western began a program of geophysical surveying, trenching, and diamond drilling (11,000 feet), to further delineate the mineralization. Total expenditures for 1988 are estimated to be \$1,050,000, of which the Company must contribute \$772,500. It is anticipated that successful results will lead to a decision to continue exploration with a possible underground program.

(b) Gossan Property

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The Gossan property is located in the Iskut River area 30 miles west of the Stewart-Cassiar highway and 94 miles north of Stewart in northwestern British Columbia. Access is by helicopter from a number of airstrips in the area. The property is located adjacent to Skyline Exploration Ltd.'s Johnny Mountain gold property. The property comprises 308 claim units totalling 19,019 acres held under option whereby the Company may earn a 60% interest by spending \$1.5 million in exploration and cash payments prior to July 1, 1990, at which time future exploration would continue on a joint venture basis. At the end of May, 1988, \$1,243,280 had been spent on this property.

In 1987 the exploration program included 7,278 feet of diamond drilling in 18 holes, mapping, trenching and rock sampling. The most significant target is the Khyber Pass zone which is 150 feet thick, northerly striking and steeply

dipping. The Zone contains several parallel gold-bearing massive sulphide zones with associated silver, copper and zinc. Numerous high grade intersections have been intersected.

<u>Hole</u>	<u>Length (feet)</u>	<u>Ounces gold/ton</u>	<u>Ounces silver/ton</u>
85-3	18.4	0.12	6.48
and	17.1	0.17	2.66
and	18.3	0.15	1.77
and	9.8	0.28	1.54
87-1	15.4	0.14	1.08
87-2	10.5	0.20	1.20
87-17	9.6	0.22	4.33
and	9.8	0.16	0.79

In addition, hole 87-17 contains a long intersection of mineralization averaging 0.10 ounces gold per ton and 1.28 ounces silver per ton over 42.7 feet. The Zone is open to the north and further drilling is required to define its extent.

A second gold target, the Pyramid Hill Zone, is characterized by extensive skarn alteration and base and precious metal geochemical anomalies. It has not as yet been drill tested. ^{104B207}

Additional geological mapping, trenching, and rock sampling are also planned for the 1988 field season at a cost of approximately \$70,000.

Priority Projects

(a) Port Au Port - Limestone

This limestone property is located on the Port Au Port Peninsula on the west coast of Newfoundland, some 30 road miles west of Stephenville, and currently covers 4,110 acres held as claim blocks and is 100% owned by the Company.

The property was geologically evaluated and drilled in the mid-1970's. In excess of 330 million tons of cement-grade limestone of high calcium carbonate quality are located 3 kilometers from tidewater on St. George's Bay. A feasibility study was completed with respect to developing a 1,000,000 ton per year cement facility for export market, but was deferred because of the then limited cement markets.

During 1987 and 1988 Western spent \$125,000 and completed a 2 mile access road onto the property and initiated a quarry that contains very high grade limestone. A 100 ton bulk sample was obtained and crushed to 3/4 inch size. In addition, the hosting limestone unit on the property was sampled in detail and a higher grade portion of the deposit was defined to contain in the order of 46 million tons of 99% calcium carbonate containing low silica, magnesia and iron.

A product development study in 1987 indicates that the Port au Port limestone deposit has the potential for a range of limestone products including chemical feed stone (cement, lime for pulp mills, agricultural limerock, iron ore flux, etc.), construction aggregate, and filler markets. The deposit is currently being evaluated with respect to its suitability for the filler market.

(b) Mine Brook

The Mine Brook property, wholly owned by Western, comprises one claim block totalling 1,186 acres and is located 5 miles by road north of Springdale, Newfoundland.

Gold mineralization on the Mine Brook property is associated with zones of silica-pyrite within a quartz-sericite schist enveloped by chlorite schist. Surface samples have returned values in gold up to 1.8 ounces per ton in a grab sample and 0.567 ounces per ton over 5.1 feet in a chip sample.

During 1987 and 1988, the Company spent \$60,000 on 880 feet of diamond drilling in 7 holes which confirmed the continuity of the gold mineralization to depth and along strike. The main target zone, based on magnetics and soil geochemistry, is 4,000 feet long, of which 650 feet has been tested by diamond drilling.

A \$250,000 program, including 5,200 feet of diamond drilling, has been recommended to further delineate the mineralization. Western does not anticipate spending funds on this property in 1988.

(c) Dawes Pond - Copper, Zinc, Silver

The Dawes Pond property consist of two Deeds of Grant and one claim licence totalling 2,726 acres located 19 miles due east of the town of Springdale in north central Newfoundland. Access is by well maintained paved roads to the property.

Mineral rights to the Deeds of Grant are held by Blast Furnace Products and have been optioned to the Dawes Pond Joint Venture (52.36% Western, 47.64% Getty Resources Limited) subject to a 10% Net Profits Interest. Western and Getty, in turn, have signed an agreement allowing Au Pell Resources Inc. to earn 50% of their respective interests by making certain cash payments, issuing shares and conducting exploration programs totalling \$775,000 by the end of 1990.

Previous exploration on the property has outlined in excess of 1 million tons of 1.23% copper within an old mine on the property that was worked at the turn of the century and on the order of 200,000 to 300,000 tons grading 3% to 4% copper, 1% zinc and 0.6 to 0.9 ounces silver per ton in a separate deposit. The mineralization is classic volcanogenic polymetallic massive sulphides.