This offer of securities constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered. No securities commission or similar authority has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

RIGHTS OFFERING

MACDONALD MINES EXPLORATION LTD.

OFFER TO HOLDERS OF CLASS "A" COMMON SHARES TO SUBSCRIBE FOR UP TO 22,898,937 CLASS "A" COMMON SHARES OF MACDONALD MINES EXPLORATION LTD.

AT $0.05 PER CLASS "A" COMMON SHARE

The TSX Venture Exchange has conditionally approved the listing of the MacDonald Mines Exploration Ltd Class "A" Common Shares issuable on the exercise of the Rights.

Number of Rights	**91,595,751**
Maximum Proceeds:	**$ 1,144,946.**
Record Date:	**October 18, 2002**
Expiration Time: **Expiration Date:**	**4:00 p.m. (Toronto time)** **on December 5, 2002**
Subscription Price:	**$0.05 per Class "A" Common Share.**
Subscription Basis:	**One (1) Right has been issued for each Class "A" Common Share, to their holders. Four (4) Rights entitle the holder to subscribe for one (1) Class "A" Common Share at a purchase price of $0.05 per share.**
Additional Subscription Privilege:	**Holders who exercise their initial Rights in full are entitled to subscribe for additional Class "A" Common Shares, if any, available as a result of unexercised Rights.**
Subscription Agent:	**Equity Transfer Services Inc.** **120 Adelaide Street West, Suite 420** **Toronto, Ontario, Canada M5H 4C3**
Expenses of the Offering:	**Estimated Expenses of the Rights Offering is $45,000**
Securities Dealers Solicitation Fee;	**Five percent (5%) of the amount subscribed upon exercise of Rights through the agency of such securities dealers (or other persons lawfully entitled to receive such fees).**

Your Rights Certificate is enclosed.

Please read this material carefully as you are required to make a decision prior to 4:00 p.m. on December 5, 2002.
Rights not exercised prior to the Expiration Time will be void and of no value.

INQUIRIES MAY BE DIRECTED TO TOM DEVLIN AT 416-864-2288

TABLE OF CONTENTS

THE OFFER 3

DETAILS OF RIGHTS OFFERING 3

- RIGHTS GENERALLY 3
- SECURITIES DEALERS SOLICITATION FEE 3
- SUBSCRIPTION BASIS 3
- EXPIRATION DATE 3
- ADDITIONAL SUBSCRIPTION PRIVILEGE 4
- ELIGIBLE SHAREHOLDERS 4
- GROSS PROCEEDS 4
- TRADING OF RIGHTS 4
- SUBSCRIPTION AGENT AND SUBSCRIPTION OFFICES 4

HOW TO COMPLETE THE RIGHTS CERTIFICATE 5

- GENERAL 5
- TO DIVIDE THE RIGHTS CERTIFICATE 5
- UNEXERCISED RIGHTS 5
- EXECUTION OF RIGHTS CERTIFICATES 6
- TO SUBSCRIBE FOR CLASS "A" COMMON SHARES - FORM 1 6
- TO APPLY FOR ADDITIONAL CLASS "A" COMMON SHARES - FORM 2 6
- TO TRANSFER RIGHTS - FORM 3 7
- TO DIVIDE THE RIGHTS CERTIFICATE - FORM 4 7

SHARES PURCHASED THROUGH THE EXERCISE OF RIGHTS 7

- REGISTRATION AND DELIVERY OF SHARE CERTIFICATES 7
- NO FRACTIONAL COMMON SHARES 7

THE COMPANY 7

CAPITALIZATION OF THE COMPANY 8

- AUTHORIZED CAPITAL 8
- SHARES ISSUED AND OUTSTANDING 8
- STOCK OPTIONS 8
- SHARE PURCHASE WARRANTS 8

MANAGEMENT OF THE COMPANY 8

PRINCIPAL HOLDERS OF SECURITIES 9

PRIOR SALES OF SECURITIES 9

PRICE RANGE AND TRADING VOLUME OF COMMON SHARES 9

RECENT DEVELOPMENTS 10

USE OF PROCEEDS 11

INTENTION OF INSIDERS TO EXERCISE RIGHTS 11

FURTHER INFORMATION • WEBSITES 12

MATERIAL CHANGES 12

TRANSFER AGENT AND REGISTRAR 12

AUDITORS 12

INQUIRIES 12

CERTIFICATE 12

THE OFFER

TO: THE HOLDERS OF CLASS "A" COMMON SHARES OF MACDONALD MINES EXPLORATION LTD.

MacDonald Mines Exploration Ltd. ("MacDonald Mines" or the "Company") is issuing to the holders of its outstanding Class "A" Common Shares (the "Offering") of record at the close of business on October 18, 2002 (the "Record Date") certain rights ("Rights"), evidenced by fully transferable certificates in registered form ("Rights Certificates"), to subscribe for additional Class "A" Common Shares of the Company. Each registered holder of presently outstanding Class "A" Common Shares is entitled to receive one Right for each share held by him or her on the Record Date. Four (4) Rights plus $0.05 entitles the holder thereof to purchase one (1) Class "A" Common Share of the Company from its treasury. The Rights may be exercised prior to 4:00 p.m. (Toronto time) (the "Expiration Time") on ***, 2002 (the "Expiration Date"). See "*Details of Rights Offering - Rights Generally*". Assuming that all of the Rights issued by the Company are exercised to acquire Class "A" Common Shares, the gross proceeds to the Company from this Offering would be $1,144,946.

The Company will use the proceeds from the issuance of the Class "A" Common Shares to pay for the expenses of this Offering estimated to be approximately $45,000 (exclusive of any solicitation fees payable to dealers), for exploration and development activities and for working capital. See "*Use of Proceeds*".

Holders of Rights Certificates who exercise all of their Rights in full will also be entitled to subscribe for additional Class "A" Common Shares, if available, pursuant to the additional subscription privilege. See "*Rights Generally" and "Details of Rights Offering-Additional Subscription Privilege*".

Accompanying this circular is a Rights Certificate evidencing the Rights to which you are entitled.

For details of how to subscribe for Class "A" Common Shares, transfer or sell Rights, or divide a Rights Certificate, see "*Details of Rights Offering*" and "*How to Complete the Rights Certificate*".

DETAILS OF RIGHTS OFFERING

Rights Generally

Each registered holder of Class "A" Common Shares is entitled to one Right for each common share held of record on the Record Date. Rights are evidenced by Rights Certificates included with this mailing. Each shareholder will receive a Rights Certificate evidencing the total number of Rights to which he is entitled. Rights Certificates may not be held directly by, and subscriptions for securities will not be accepted from, shareholders whose addresses of record are in any jurisdiction wherein this Offering is unlawful. Four (4) Rights plus $0.05 entitles the holder thereof to purchase one (1) Class "A" Common Share. The Rights may be exercised prior to the Expiration Time on the Expiration Date.

Securities Dealers' Solicitation Fee

The Company will pay a solicitation fee to securities dealers (or other persons lawfully entitled to receive such fees) for assisting holders of Rights to exercise such Rights see ("Inquiries"). The fee will be equal to five percent (5%)of the amount subscribed upon exercise of Rights through the agency of such securities dealers (or other persons lawfully entitled to receive such fees).

Subscription Basis

Four (4) Rights plus $0.05 entitles the holder thereof to purchase one (1) Class "A" Common Share. The Rights may be exercised prior to the Expiration Time on the Expiration Date. The subscription price payable on the exercise of the Rights is payable in Canadian funds by certified cheque, bank draft or money order payable to or to the order of the Subscription Agent.

Expiration Date

The Rights will expire at 4:00 p.m. (Toronto time) on December 5, 2002. **Rights not exercised prior to the Expiration Time on the Expiration Date will be void and of no value.**

Additional Subscription Privilege

Any holder of a Rights Certificate who exercises the right (the "Basic Subscription Right") to subscribe for the full amount of the Class "A" Common Shares that can be subscribed for with the Rights evidenced by such certificate, has the privilege (the "Additional Subscription Privilege") of subscribing for additional Class "A" Common Shares at the original subscription price on a pro rata basis with all other holders of Rights Certificates who exercised their rights to subscribe that could be subscribed for with their Rights Certificates. The amount of Class "A" Common Shares available for such purpose (the "Remaining Class "A" Common Shares") will be those Class "A" Common Shares that have not been subscribed and paid for at the expiration of the Rights.

Shareholders desiring to subscribe for Remaining Class "A" Common Shares pursuant to the Additional Subscription Privilege must indicate such desires at the time they exercise their Rights to purchase Class "A" Common Shares pursuant to the Basic Subscription Right in the manner hereinafter provided for.

If a sufficient number of Remaining Class "A" Common Shares are not available to satisfy all requests made pursuant to the Additional Subscription Privilege, each of such holders desiring to exercise their Additional Subscription Privilege will receive, on a pro rata basis with all other holders desiring to exercise their Additional Subscription Privileges, the number of Remaining Class "A" Common Shares calculated in accordance with the formula described under "*How to Complete the Rights Certificate - To Apply for Additional Class "A" Common Shares - Form 2*". If all Rights offered are exercised, no Remaining Class "A" Common Shares will be available for the purposes of the Additional Subscription Privilege.

Eligible Shareholders

This Offering is made to all Class "A" common shareholders of the Company whose last address as shown on the shareholders' register of the Company is in jurisdictions where such an offer is lawful.

This Offering does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offering is not being made to, nor will deposits be accepted from or on behalf of, holders of Rights in any jurisdiction in which the making or acceptance thereof would not be in compliance with the laws of such jurisdiction. However, the Company may, in its sole discretion, take such action as it may deem necessary to extend this Offering to holders of the Company's common shares or Rights in such jurisdiction.

Gross Proceeds

This Rights Offering is not subject to receipt of any minimum gross proceeds.

Trading of Rights

The Rights will be listed and posted for trading on the TSX Venture Exchange. Shareholders not wishing to exercise their Rights may sell or transfer them directly or through their stockbroker or investment dealer at the shareholders expense, subject to any resale restrictions. Holders of Rights Certificates may elect to exercise a part only of their Rights and dispose of the remainder, or dispose of all of their rights. See "*To Transfer Rights – Form 3*" and "*To Divide Rights Certificate – Form 4*". The Rights and the Class "A" Common Shares issuable on exercise of the Rights may be resold without hold periods under the applicable securities laws of the Provinces of Canada by the persons receiving same (other than "control persons" of the Company).

Subscription Agent and Subscription Offices

Equity Transfer Services Inc. has been appointed by the Company to perform various services relating to the exercise of Rights, including receiving subscriptions for Class “A” Common Shares and payment of the Subscription Price from Rights Certificate holders and issuing certificates for the Class “A” Common Shares subscribed for. The Company will pay the fees and expenses of the Subscription Agent.

The Subscription Agent will accept subscriptions for Class “A” Common Shares and payment of the Subscription Price from Rights Certificate holders only at its office at the following address (the "Subscription Office"):

Equity Transfer Services Inc.
120 Adelaide Street West, Suite 420
Toronto, Ontario, Canada M5H 4C3
Telephone: 416-361-0930 ext 243 (Lori) or ext 228 (Karen)

HOW TO COMPLETE THE RIGHTS CERTIFICATE

General

By completing the appropriate form on the Rights Certificate in accordance with the instructions outlined below and on the Rights Certificate, a Rights Certificate holder may:

(a) subscribe for Class “A” Common Shares (Form 1);
(b) apply for Additional Class “A” Common Shares (Form 2);
(c) transfer Rights (Form 3); or
(d) divide a Rights Certificate (Form 4);

To Divide the Rights Certificate

A Rights Certificate may be divided by delivering the Rights Certificate to the Subscription Agent at the Subscription Office (no endorsement is necessary if not changing ownership) with written instructions as to the number of Rights to be represented by each new Rights Certificate requested. The Subscription Agent will then issue new Rights Certificates in such denominations (totalling the same number of Rights as evidenced by the Rights Certificate being divided) as are requested by the Rights Certificate holder. Rights Certificates must be surrendered for division sufficiently in advance of the Expiration Date to permit the new Rights Certificates to be issued to and used by the Rights Certificate holder.

Unexercised Rights

Subject to the ability of a Rights Certificate holder to divide a Rights Certificate as described above, a Rights Certificate holder who, in Form 1 or Form 2 on the Rights Certificate, exercises some but not all of the Rights evidenced by a Rights Certificate, will be deemed to have elected to waive the unexercised balance of such Rights and such unexercised balance of Rights will be void and of no value after the Expiration Time on the Expiration Date. Similarly, if a Rights Certificate holder fails to surrender his Rights Certificate to the Subscription Agent prior to the Expiration Time on the Expiration Date, surrenders his Rights Certificate but fails to complete Form 1, Form 2 or Form 3 on the Rights Certificate or fails to make payment of the Subscription Price in respect of the Class “A” Common Shares which he/she elects to subscribe for, such holder will be deemed to have elected to waive the Rights represented by such Rights Certificate (or such portion thereof in respect of which he has failed to make payment) and such Rights will be void and of no value after the Expiration Time on the Expiration Date.

Execution of Rights Certificates

The signature on any form on the Rights Certificate must correspond exactly with the name of the Rights Certificate holder shown on the face of the Rights Certificate. If a form is signed by a trustee, executor, administrator, officer of a corporation or any person acting in a fiduciary or representative capacity, the Rights Certificate must be accompanied by evidence satisfactory to the Subscription Agent of authority to so sign.To Subscribe for Class "A" Common Shares - Form 1

Four (4) Rights plus $0.05 entitles the holder thereof to purchase one (1) Class "A" Common Share. A Rights Certificate holder may subscribe for all or any lesser number of whole Class "A" Common Shares for which the Rights Certificate entitles him to subscribe by completing Form 1 and delivering the Rights Certificate and the Subscription Price for such Class "A" Common Shares to the Subscription Agent at the Subscription Office on or before the Expiration Time on the Expiration Date. The Subscription Price is payable in Canadian funds by certified cheque, bank draft or money order payable to or to the order of **Equity Transfer Services Inc.** or by other form of payment acceptable to the Company and the Subscription Agent.

If delivery of the Rights Certificate and accompanying payment is to be effected by mail, for the protection of the subscriber it is recommended that registered mail be used and that sufficient time be allowed to ensure the receipt thereof by the Subscription Agent at the Subscription Office on or before the Expiration Time on the Expiration Date.

To Apply for Additional Class "A" Common Shares - Form 2

To participate in the Additional Subscription Privilege and subscribe for Remaining Class "A" Common Shares, any holder of a Rights Certificate who completes Form 1 for the maximum number of whole Class "A" Common Shares that can be subscribed for with the number of Rights evidenced by such certificate must also complete Form 2 on the Rights Certificate and specify the number of additional Class "A" Common Shares desired to be subscribed for. The Additional Subscription Price is payable in Canadian funds by certified cheque, bank draft or money order payable to or to the order of **Equity Transfer Services Inc.** or by other form of payment acceptable to the Company and the Subscription Agent.

If delivery of the Rights Certificate and accompanying payment is to be effected by mail, for the protection of the subscriber it is recommended that registered mail be used and that sufficient time be allowed to ensure the receipt thereof by the Subscription Agent at the Subscription Office on or before the Expiration Time on the Expiration Date.

If there are sufficient Remaining Class "A" Common Shares to satisfy all additional subscriptions by participants in the Additional Subscription Privilege, each participant will be allotted the number of additional Class "A" Common Shares that the participant intends to subscribe for.

If the aggregate number of Class "A" Common Shares that all participants intend to subscribe for under the Additional Subscription Privilege exceeds the number of Remaining Class "A" Common Shares, the Remaining Class "A" Common Shares will be allotted to each participant in the Additional Subscription Privilege on a proportionate basis in accordance with the following formula: the number of the Remaining Class "A" Common Shares allotted to each participant in the Additional Subscription Privilege will be the lesser of (a) the number of Class "A" Common Shares which that participant intends to subscribe for under the Additional Subscription Privilege and (b) the product (disregarding fractions) of the multiplication of the number of the Remaining Class "A" Common Shares by a fraction of which the numerator is the number of Class "A" Common Shares that the participant intends to subscribe for under the Additional Subscription Privilege and the denominator is the aggregate number of Class "A" Common Shares intended to be subscribed for under the Additional Subscription Privilege by all participants in the Additional Subscription Privilege.

If as a result of an over-subscription of additional units, not all of the additional units are allocated to you, any excess payment will be returned to you by the Subscription Agent.

To Transfer Rights - Form 3

A Rights Certificate holder, instead of exercising his Rights to subscribe for Class “A” Common Shares may sell or transfer his Rights by completing Form 3 on the Rights Certificate and delivering the Rights Certificate to the transferee. The transferee may exercise all of the Rights of a Rights Certificate holder without obtaining a new Rights Certificate. If a Rights Certificate is transferred in blank, the Company and the Subscription Agent may thereafter treat the bearer as the absolute owner of the Rights Certificate for all purposes and neither the Company nor the Subscription Agent shall be affected by any notice to the contrary.

The signature of the transferring Rights Certificate holder on Form 3 must be guaranteed by a Canadian chartered bank, by a major Canadian trust company, by a member of the Investment Dealers Association of Canada or by a member of the Securities Transfer Agents Medallion Program (STAMP). The signature of the transferee on either of the forms on the Rights Certificate must correspond exactly with the name of the transferee shown on Form 3. If a form is signed by a trustee, executor, administrator, officer of a corporation or any person acting in a representative capacity, the Rights Certificate must be accompanied by evidence satisfactory to the Subscription Agent of authority to so sign.

To Divide the Rights Certificate - Form 4

A Rights Certificate may be divided by completing Form 4 of the Rights Certificate and by sending it to the Subscription Agent at the Subscription Office as set out in the Rights Certificate.

SHARES PURCHASED THROUGH THE EXERCISE OF RIGHTS

Registration and Delivery of Share Certificates

Class “A” Common Shares purchased through the exercise of Rights will be issued from the Company’s treasury by its Transfer Agent and will be registered in the name of the person to whom the Rights Certificate was issued or any transferee indicated on the Rights Certificate. Class “A” Common Share certificates will be delivered as soon as practicable by first class mail to the address shown in the records of the Company of the person to whom the Rights Certificate was issued or to the address of any transferee indicated on the Rights Certificate, or arrangements can be made to pick up share certificates from the Subscription Agent.

No Fractional Common Shares

The Company will not issue fractional Class “A” Common shares upon the exercise of the Rights. Where the exercise of Rights would appear to entitle a holder of Rights to fractional Class “A” Common Shares, the holder’s entitlement will be reduced to the next lowest whole number of Class “A” Common Shares.

THE COMPANY

The Company was incorporated in the Province of Quebec in 1936 and maintains its registered office at 1000 Sherbrooke Street West, 27th Floor, Montreal, Quebec, H3A 3G4, and its business office at 347 Bay Street, Suite 200, Toronto, Ontario, M5H 2R7, Telephone (416) 864-2290, Facsimile (416) 864-2292, e-mail info@macdonaldmines.com, website www.macdonaldmines.com. The Company’s shares trade on Tier 2 of the TSX Venture Exchange under the symbol MMP.A and on the NASDAQ OTC Market under the symbol MACMF. The Company is currently engaged in the exploration of three properties that are prospective for platinum group element (PGE) mineralization in combination with copper, nickel and gold.

CAPITALIZATION OF THE COMPANY

Authorized Capital

The authorized capital of the Company consists of an unlimited number of Class “A” common shares.

Shares Issued and Outstanding

As of September 30, 2002, the Company had issued and outstanding 91,595,751 Class “A” common shares.

Stock Options

Options to purchase 6,000,000 Class “A” Common Shares at $0.10 each until February 18, 2003 are held under the Company’s Stock Option Plan.

Share Purchase Warrants

Warrants to purchase from treasury 2,000,000 Class “A” common shares at $0.12 to December 1, 2002 are outstanding.

MANAGEMENT OF THE COMPANY

The following are the names and municipality of residence of each director and senior officer of the Company, their position with the Company and their principal occupations during the past five years:

Principal and Address	Office Held	Principal Occupation For Last Five Years
Sheila D. Pickens Buckhorn, ON	Director	Corporate Secretary and Homemaker
Richard H. McLaren (1) London, ON	Director	International Arbitrator, Law Professor, Author, Counsel
Carl M. Ravinsky Montreal, PQ	Director	Barrister & Solicitor
John A. Ryan (1) Norfolk County, ON	Director	Financial Consultant
John P. Sanderson, Q.C. (1) Vancouver, BC	Director & Chairman	Mediator, Arbitrator, Author, Counsel
Frank C. Smeenk (2) Kleinburg, ON	Director, & C.E.O.	Chairman & C.E.O. of the Corporation
Paul R. Ankcorn Toronto, ON	Secretary	Accountant
John S. Rule Nobleton, ON	Treasurer	Independent Businessman

Note: (1) Member of Audit Committee.

Note: (2) The Company, MacDonald Oil Exploration Ltd., Mario A. Miranda and Frank C. Smeenk entered into a settlement agreement with the Ontario Securities Commission (“OSC”) dated January 8, 2001 whereunder the parties agreed to the settlement of proceedings initiated by the OSC in respect of a number of infractions of securities law, including instances of non-compliance by the Company, MacDonald Oil Exploration Ltd., Mario A. Miranda and Frank C. Smeenk with filing, disclosure and trading requirements under Ontario securities laws. The terms of the settlement provided that, *inter alia,* (i) each of the respondents would be reprimanded by the OSC; (ii) MacDonald Oil would make a payment of $50,000 to the OSC in respect of the OSC’s costs; (iii) the Company would make a payment of $15,000 to the OSC in respect of the OSC’s costs; (iv) Mr. Miranda and Mr. Smeenk would each make a payment of $5,000 in respect of the OSC’s costs; (v) commencing March 1, 2001 Mr. Smeenk and Mr. Miranda would cease trading in all securities for a period of one year, or six months, respectively, with the exception that they may dispose of securities that they held on the date of the agreement during such period; (vi) Mr. Smeenk and Mr. Miranda are prohibited from acting as an officer of MacDonald Oil for a period of two years, with the exception that Mr. Smeenk may continue to hold his current position of executive vice-president of MacDonald Oil during such two year period, provided that the position of executive vice-president of MacDonald Oil does not include any of the responsibilities that customarily are associated with the positions of chairman, president, chief executive officer, controller, treasurer or secretary of an issuer; and (vii) Mr. Smeenk and Mr. Miranda are prohibited from acting as the chair of the board of directors of MacDonald Oil and/or serving as a member of the audit, corporate governance, compliance or executive committees of the board of directors of MacDonald Oil for a period of two years.

PRINCIPAL HOLDERS OF SECURITIES

To the best of the knowledge of the directors and senior officers of MacDonald Mines Exploration Ltd., no person beneficially owns, directly or indirectly, or exercises control or direction over equity or voting securities carrying more than 10 percent of the voting rights attached to any class of equity or voting securities of the Company other than:

Name	Number of Voting Securities	Percentage of Issued and Outstanding
Frank C. Smeenk(1)	940,000	1.02%
Cornelian Inc. (1)	60,000	0.07%
Cornelian Corporation(1)	7,733,500	8.44%

(1) Mr. Smeenk, CEO of the Corporation, is the President and a Director of Cornelian Inc. and of Cornelian Corporation.

PRIOR SALES OF SECURITIES

The following table sets forth the particulars of the prior sales of securities by MacDonald Mines Exploration Ltd. during the past 12 months.

Date	Number	Price	Consideration	Comments
9/10/2001	350,000	$0.10	Cash	Exercise of Options
17/10/2001	2,000,000	$0.10	Cash	Exercise of Options
28/01/2002	2,000,000	$0.05	Cash	Private Placement
01/05/2002	4,364,000	$0.10	Debt Settlement	Private Placement
26/07/2002	1,000,000	$0.10	Cash	Exercise of Options

PRICE RANGE AND TRADING VOLUME OF COMMON SHARES

The following table sets forth the market price range and trading volume of the common shares as quoted on the TSX Venture Exchange for the periods indicated.

Month	High	Low	Volume
2001			
January	0.09	0.06	1,554,165
February	0.10	0.06	2,709,600
March	0.09	0.06	922,067
April	0.07	0.05	1,942,000
May	0.08	0.05	1,524,060
June	0.07	0.05	677,598
July	0.07	0.05	959,826
August	0.07	0.05	810,600
September	0.07	0.05	1,446,366

Month	High	Low	Volume
October	0.08	0.06	677,500
November	0.07	0.05	1,221,734
December	0.07	0.04	1,082,133
2002			
January	0.06	0.04	523,400
February	0.06	0.03	425,820
March	0.06	0.04	1,612,536
April	0.07	0.04	4,057,578
May	0.06	0.04	347,100
June	0.06	0.04	169,039
July	0.06	0.03	2,525,482
August	0.05	0.02	619,654
September	0.05	0.03	518,732

The closing price for the common shares of the Company on October 18, 2002, was $0.03 per share. The average closing price for the 20 trading days prior to the date of this Rights Offering Circular was $0.03.

RECENT DEVELOPMENTS

In 1994 the Company acquired a large concession in the Republic of Cuba and conducted extensive exploration programs there resulting in the identification of various gold mineralization occurrences and indicated resources. The enactment of the Helms-Burton Act in the United States, the revelation of the Bre-X fraud, and increasingly lower gold prices made it impossible to finance the Company on satisfactory terms on which to continue exploration in Cuba. As a result, in 1999, the Cuban expenditures were written off in spite of favourable results. The Company continues to have an interest in future opportunities in Cuba and currently maintains a representative in Cuba.

Concurrently with ceasing work on the Cuban properties, the Company acquired on December 15, 1999 an option to explore the Casson Lake PGE (platinum group elements) property near Whitefish Falls in Northern Ontario as a means to diversify the Company assets. Canada's potential to produce platinum and palladium had recently attracted investor interest because of the financing and development of the PGE mine at Lac des Iles, in Ontario, only the second such deposit to be put into production in North America. In April 2001 the Company acquired a second PGE property, Shib II, located at the eastern end of the East Bull Lake Intrusion, a large PGE target west of Sudbury, Ontario being explored by Mustang Minerals Corp. through Falconbridge Limited funding. The Agnew Lake Intrusion, another large PGE target being explored through Anglo Platinum Limited funding, adjoins The Shib II property to the east. Recently, the Company announced that it had staked 171 claims and optioned a core block of 45 claims in the Ungava Bay – Koksoak River area of Northern Quebec southwest of Kuujjuaq. The combined claims cover some 10,000 hectares containing a number of previously identified intrusive features in the Labrador Geosyncline sequence felt to be highly prospective for PGE in association with copper and nickel mineralization.

The Company has documented 16 occurrences of PGE mineralization in the northern portion of the Casson Lake Gabbro, over a distance of 5.5 kilometers and has now earned a 69% equity in the property under its option agreement. This mafic intrusion is a Nipissing Gabbro Intrusion, which hosts other PGE occurrences in the Sudbury area, such as at Rathburn Lake, east of Sudbury, Ontario. Provincial Government geologists have also noted similarities between Nipissing Gabbro Intrusions and the Tainakh Intrusion which hosts the rich Ni-Cu-PGE mineralization at Noril'sk Russia. Of the 16 known PGE occurrences on the property, 8 are considered as high priority PGE targets. These targets are characterized by grab samples which returned greater than 2 g/t Pd, or channel samples greater than 1 g/t Pd, or drill core intersections over 5 m long containing greater than 0.5 g/t Pd. The Company has conducted substantial surface stripping, washing and sampling at a number of the PGE mineralized occurrences in the Casson Lake property. Also, a 1,380 kg bulk sample was mined from one of those occurrences and submitted to Lakefield Research Limited for metallurgical testing. Standard bench scale flotation tests indicate about a 97% recovery of the sulphide minerals and associated PGE values. The sample averaged 0.24 g/t gold, 0.43 g/t platinum and 0.72 g/t palladium from which a concentrate was produced that contained 82.7% of the sample's gold (2.9 g/t) 81.5% of its platinum (3.4 g/t) and 80% of its palladium (6.0 g/t). A further test to determine recoverability of these elements, from a run-of-mill reduction of an earlier sample and utilizing the proprietary PLATSOL™ hydro-metallurgical solvent extraction process, had very positive results. The sample graded 1.03% Cu, 0.42% Ni, 1.67 g/t Au, 2.29 g/t Pt and 4.75 g/t Pd. Recoveries from application of the PLATSOL™ process were respectively: 98.3%, 97.1%, 92.8%, 97.6% and 96.6%.

A two-phase program of surface stripping, washing and sampling was also conducted at the Shib II property. The Company has not yet obtained the analytical results of the second phase of this program, pending payment.

Proceeds of this offering, if sufficient, will permit the Company to undertake an initial reconnaissance – prospecting program at the Koksoak River property and progress further surface sampling and geological mapping at Casson Lake and Shib II, in advance of possible diamond drilling programs which may be thus indicated. All such undertakings will be based on the prior recommendations of G.A. Harron, P.Eng., the qualified person for the Company to ensure compliance with National Policy 43-101.

USE OF PROCEEDS

The Company will use the proceeds from the issuance of the Class "A" Common Shares to pay for the expenses of this Offering estimated to be approximately $***• (exclusive of any solicitation fees payable to dealers), for exploration and development activities and for working capital. Funds subscribed under this offering will, in any event, be added to working capital and be applied to maintain the Company's assets in good standing so as to maximize their future potential if funding is inadequate to its present pursuit.

USE OF PROCEEDS	PLANNED*	MAXIMUM
Kuujjuaq Reconnaissance	$25,000	$ 25,000
Shib II Sampling	50,000	50,000
Casson Lake – Mapping	75,000	100,000
Sampling	35,000	50,000
Stripping	40,000	50,000
Geophysics		150,000
	$225,000	$ 425,000
Working Capital (including cost of offering)	919,946*	719,946
Total Proceeds	$1,144,946	$ 1,144,946

*This Rights Offering is not conditional on any minimum proceeds being received by the Company. The planned allocation of such proceeds indicates the priorities that will prevail should less than the Maximum subscription be completed. In that event, the first priority will be to augment the Company's working Capital in order to secure its ongoing viability.

The Company will pay a solicitation fee to securities dealers (or other persons lawfully entitled to receive such fees) for assisting holders of Rights to exercise such Rights. The fee will be equal to five percent (5%) of the subscription amount, received through such agency.

INTENTION OF INSIDERS TO EXERCISE RIGHTS

The Company has not been informed by its principal shareholders, or its directors and officers, as to whether they intend to exercise rights issued to them hereunder.

FURTHER INFORMATION • WEBSITES

For further information with respect to the Company, reference is made to the 2001 Annual Report of the Company and to the Management Information Circular prepared on behalf of the Company in connection with the annual and special meeting of the shareholders of the Company held on August 16, 2002, as well as the Company's current Annual Information Form. Additional copies of these documents are available from the Company at its business office on request. The Company's continuous disclosure documents are filed on Sedar at www.sedar.com where they may be reviewed and retrieved, and on the Company website at www.macdonaldmines.com .

MATERIAL CHANGES

There have been no material changes since the end of the most recently completed financial year for which audited financial statements have been prepared, that have not been previously disclosed to securities owners or are disclosed in this circular.

TRANSFER AGENT AND REGISTRAR

Equity Transfer Services Inc., 120 Adelaide St. W., Suite 420, Toronto, Ontario M5H 4C3 is the transfer agent and registrar of the Class "A" common shares of the Company.

AUDITORS

The Auditor of the Company is:

Wm. Andrew Campbell, B.B.A., C.A.
56 Temperance St., 6th Floor
Toronto, Ontario M5H 3V5

INQUIRIES

Inquiries relating to this offering should be directed either to the Subscription Agent at the subscription office at 120 Adelaide St. W., Suite 420, Toronto, Ontario, M5H 4C3, telephone 416-361-0930 ext 243 (Lori) or ext 228 (Karen), or to the Company, telephone 416-864-2288. See *"The Company"*.

Dated at Toronto, Ontario, this 21st day of October, 2002.

By Order of the Board

Signed "Frank C. Smeenk"

Chief Executive Officer

CERTIFICATE

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario this 21st day of October, 2002.

Signed "Frank C. Smeenk"
Chief Executive Officer

Signed "John P. Sanderson"
Chairman