This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons authorized to sell such securities. No securities commission or similar body in Canada has in any way passed upon the requirements of the securities offered hereunder and any representation to the contrary is an offence..

Additional Offering October 6, 1998

UGANDA GOLD MINING LTD.

895,000 Common Shares and 895,000 Warrants issuable upon exercise of 895,000 Special Warrants

This prospectus qualifies the distribution of 895,000 common shares ("Shares") of Uganda Gold Mining Ltd. (the "Corporation") and 895,000 warrants ("Warrants") to purchase Shares issuable by the Corporation, for no additional consideration, upon the exercise of 895,000 outstanding Special Warrants of the Corporation ("Special Warrants") previously issued by the Corporation at a price of $0.70 per Special Warrant pursuant to a special warrant indenture dated as of June 10, 1998 (the "Special Warrant Indenture") between the Corporation and Montreal Trust Company of Canada (the "Trustee"). See "Details of the Offering".

Each Special Warrant entitles the holder to acquire (subject to adjustment), at no additional cost, one unit ("Unit") comprised of one Share and one Warrant at any time until 4:00 p.m. (Vancouver time) (the "Expiry Time") on the earlier of: (a) five (5) business days following the later of the date upon which a receipt for a (final) prospectus (the "Prospectus") qualifying the distribution of the Shares and Warrants issuable upon the exercise of the Special Warrants by the securities commission in each of the provinces of Alberta and British Columbia (the "Filing Provinces"), and (b) June 10, 1999. Any Special Warrants not exercised prior to the Expiry Time shall be deemed to be exercised immediately prior to such time without any further action on the part of the holder thereof. Each Warrant will entitle the holder thereof to purchase one (1) Share for $0.90 until December 10, 1999. If a receipt dated on or before October 8, 1998 (the "Qualification Deadline") for the Prospectus is not obtained from the securities commission in each of the Filing Provinces, each holder of Special Warrants resident in a Filing Province in which such receipt has not been obtained shall be entitled (a) for a period of five business days after the Qualification Deadline, to require the Corporation to repurchase up to 50% of such holder's Special Warrants and to thereby receive the *pro rata* share of the Escrowed Funds (as defined below) attributable to such holder's repurchased Special Warrants together with any interest earned thereon (the "Repurchase Election"); or (b) to receive 1.1 Shares and 1.1 Warrants (the "Increase") upon the exercise of such holder's Special Warrants. If the holder elects to receive any portion of the holder's subscription proceeds back pursuant to a Repurchase Election, then that purchaser will not receive the Increase on that holder's remaining Special Warrants. All Escrowed Funds not released to holders of Special Warrants pursuant to Repurchase Elections shall be released to the Corporation on the earlier of 6 days after the date upon which a receipt for the Prospectus is issued in each of the Filing Provinces or October 15, 1998. The balance of the net subscription funds $242,457.62 were paid to the Corporation on closing.

The Special Warrants were sold to investors pursuant to prospectus exemptions under applicable securities legislation through Whalen, Béliveau & Associates Inc. (the "Agent"). The net proceeds to the Corporation from the sale of the Special Warrants will be approximately $510,000, after deducting the fee and expenses of $89,500 paid by the Corporation to the Agent in connection with the sale of the Special Warrants, and the expenses of the issuance of the Special Warrants and the Common Shares and Warrants issuable upon the exercise thereof, estimated at $27,000. The Agent received an aggregate fee of $62,650 in respect of the sale of Special Warrants. In addition, the Agent was issued a special warrant (the "Agent's Special Warrant"), exercisable for no additional consideration into an option (the "Agent's Compensation Option"), as provided for in an option agreement between the Corporation and the Agent (the "Agent's

Compensation Option Agreement"). The Agent's Compensation Option is exercisable for a period of one year from the date hereof and will entitle the Agent to purchase 89,500 units ("Agent's Units") at a cash price of $0.70 per unit, subject to adjustment in certain circumstances. Each Agent's Unit will consist of one common share of the Corporation and one common share purchase warrant ("Agent's Warrant") exercisable into one common share of the Corporation at a price of $0.90 per share up to December 10, 1999, and is subject to a 10% increase in certain circumstances. This prospectus also qualifies the distribution of the Agent's Compensation Option on exercise of the Agent's Special Warrant.

There is no market through which the Special Warrants or the Warrants may be sold and none is expected to develop. The offering price of the Special Warrants was determined by negotiation between the Corporation and the Agent.

Investment in the Common Shares and Warrants is considered to be highly speculative due to the nature of the Corporation's business and its formative stage of development. There is no assurance that any minerals will be found, and if found, will be commercially recoverable. The Corporation has recently made arrangements to participate in mineral exploration and development, the success of which cannot be assured. An investment in the Shares and Warrants is suitable only for those knowledgable and sophisticated investors who are willing to risk and can afford a loss of their entire investment. The Corporation has no present intention to pay any dividends on its Shares. Subscribers must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation. See "Risk Factors".

The effective issue price of $0.70 per Share exceeds the net tangible book value per share as at April 30, 1998 by $0.63 or 90% after giving effect to the issuance of the Shares and Warrants on exercise of the Special Warrants. See "Dilution".

After the issuance of the 895,000 Shares being qualified hereunder, the insiders will hold 3,835,000 shares, or 41.6% of the issued and outstanding Shares.

Certificates for the Shares and Warrants will be available for delivery upon the exercise of the Special Warrants. Certain legal matters relating to the offering of Special Warrants and the Shares and Warrants issuable upon exercise thereof have been passed upon on behalf of the Corporation by Macleod Dixon and on behalf of the Agent by Campney & Murphy.

AN INVESTMENT IN NATURAL RESOURCE ISSUERS INVOLVES A SIGNIFICANT DEGREE OF RISK. THE DEGREE OF RISK INCREASES SUBSTANTIALLY WHERE THE ISSUER'S PROPERTIES ARE IN THE EXPLORATION AS OPPOSED TO THE DEVELOPMENT STAGE. SEE "RISK FACTORS".

Whalen, Béliveau& Associates Inc.

Suite 510
300 - 5th Avenue S.W.
Calgary, Alberta
T2P 3C4

Suite 3210, Park Place
666 Burrard Street
Vancouver, B.C.
V6C 2X8

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GLOSSARY

The following is a glossary of certain terms used in this prospectus, including the summary.

"**Agent**" means Whalen, Béliveau & Associates Inc.;

"**Breccia**" means a type of rock whose components are angular in shape, as distinguished from a conglomerate, whose components are water-worn into a rounded shape;

"**Corporation**" means Uganda Gold Mining Ltd., an Alberta Corporation;

"**Escrowed Funds**" means the $313,250.00 which was 50% of the aggregate gross proceeds from the offering of Special Warrants which was deposited with the Trustee under the Special Warrant Indenture upon the closing of the offering of Special Warrants;

"**Expiry Date**" means the date which is the earlier of (i) five days following the date upon which the last receipt for a final prospectus qualifying the distribution of the Shares and Warrants upon the exercise of the Special Warrants is issued by the securities commissions in each of the Filing Provinces; and (ii) June 10, 1999;

"**Expiry Time**" means 4:00 p.m. (Vancouver Time) on the Expiry Date;

"**Filing Provinces**" means Alberta and British Columbia;

"**Gneiss**" means a layered or banded crystalline metamorphic rock the grains of which are aligned or elongated into a roughly parallel arrangement;

"**Isocline**" means a series of folds in bedded rock;

"**Kyakiddu Property**" means the mineral property located in Uganda to which the Corporation has exclusive prospecting rights;

"**Livgard Report**" means that report dated August 15, 1996 prepared by Livgard Consultants in respect to the Kyakiddu Property and updated on June 22, 1997 and September 17, 1998;

"**Mylonitization**" means the crushing of rock in a shear zone to very fine grains;

"**Nabisoga**" means Nabisoga Mining Limited, a Ugandan company;

"**Phyllite**" means a rock consisting of very fine grains of mica;

"**Porphyry**" means any igneous rock in which relatively large, conspicuous crystals are set in a fine-grained groundmass;

"**Quartzite**" means a metamorphic rock formed by the transformation of a sandstone rock by heat and pressure;

"**Schist**" means a foliated metamorphic rock the grains of which have a roughly parallel arrangement; generally developed by shearing;

"**Shale**" means sedimentary rock formed by the consolidation of mud or silt;

"**Shares**" means common shares without par value in the capital of the Corporation;

"**Slate**" means a metamorphic rock; the metamorphic equivalent of shale;

"**Special Warrants**" means special warrants of the Corporation issued pursuant to the Special Warrant Indenture;

"**Special Warrant Indenture**" means the special warrant indenture dated June 10, 1998 between the Corporation and Montreal Trust Company of Canada, which provides for the creation, issuance and exercise of the Special Warrants;

"**Stringers**" means a narrow vein or irregular filament of mineral traversing a rock mass;

"**Syncline**" means a down-arching fold in bedded rock;

"**Units**" means units of securities of the Corporation, each of which is comprised of one share and one Warrant;

"**Warrant**" means the Share purchase warrant issuable upon exercise of the Special Warrants; and

"**Warrant Indenture**" means the warrant indenture dated June 10, 1998 between the Corporation and Montreal Trust Company of Canada, which provides for the creation, issuance and exercise of the Warrants;

All monetary amounts in this prospectus are expressed in Canadian dollars unless otherwise indicated.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this Offering. More information is contained in the body of this prospectus.

The Offering: 895,000 Shares and 895,000 Warrants issuable upon exercise of 895,000 Special Warrants.

Uganda Gold Ltd.: Uganda Gold Mining Ltd. is a corporation recently incorporated to participate in the gold exploration and development business. It, through a wholly-owned Ugandan subsidiary, owns the rights to the Kyakiddu Property in Uganda. See "Business of the Corporation".

Special Warrants: 895,000 Special Warrants were issued by the Corporation on June 10, 1998 under the Special Warrant Indenture pursuant to prospectus exemptions under applicable securities legislation. The subscription price for the Special Warrants was $0.70 per Special Warrant.

Each Special Warrant entitles the holder to acquire (subject to adjustment), at no additional cost, one (1) Share and one (1) Warrant at any time until 4:00 p.m. (Vancouver time) (the "Expiry Time") on the earlier of: (a) five business days following the later of the date upon which a receipt for a (final) prospectus (the "Prospectus") qualifying the distribution of the Shares and Warrants issuable upon exercise of the Special Warrants by the securities commission or similar regulatory authority in the Filing Provinces; and (b) June 10, 1999. Any Special Warrants not exercised prior to the Expiry Time shall be deemed to be exercised immediately prior to such tie without any further action on the part of the holder. Each Warrant will entitle the holder thereof to purchase one (1) Share for $0.90 until 4:00 p.m. (Vancouver Time) on December 10, 1999. If a receipt dated on or before October 8, 1998 (the "Qualification Date") for the Prospectus is not obtained from the securities commission in each of the Filing Provinces, each holder of Special Warrants resident in a Filing Province in which such receipt has not been obtained shall be entitled (a) for a period of five business days after the Qualification Deadline, to require the Corporation to repurchase up to 50% of such holder's Special Warrants and to thereby receive the *pro rata* share of the Escrowed Funds (as defined below) attributable to such holder's repurchased Special Warrants together with any interest earned thereon (the "Repurchase Election"); or (b) to receive 1.1 Shares and 1.1 Warrants (the "Increase") upon the exercise of such holder's Special Warrants. If the holder elects to receive any portion of the holder's subscription proceeds back pursuant to a Repurchase Election, then that purchaser will not receive the Increase on that holder's remaining Special Warrants. All Escrowed Funds not released to holders of Special Warrants pursuant to Retraction Elections shall be released to the Corporation on the earlier of 6 days after the date upon which a receipt for the Prospectus is issued in each of the Filing Provinces or October 15, 1998. Any Special Warrants not exercised prior to the Expiry Time shall be deemed to have been exercised by the holder immediately prior to the Expiry Time without any further action on behalf of the holder thereof. See "Details of the Offering".

Use of Proceeds:

The Corporation intends to expend the proceeds of the offering of Special Warrants as follows:

	Anticipated Expenditures
Proposed Work Program	$430,000
General Working Capital	35,000
Future Acquisitions	45,000
Agent's Fees & Costs	89,500
Offering Costs	27,000
	$ 626,500

To June 30, 1998 approximately $130,000 has been spent. See "Use of Proceeds".

Risk Factors:

An investment in the Special Warrants, the Shares and the Warrants is considered to be highly speculative due to the nature of the Corporation's proposed business and its formative stage of development. The Corporation intends to participate in mineral exploration and development, the success of which cannot be assured. There are additional risks associated with the investment relating to prospects for success, availability of financing, market for the securities, competition in the industry, liability for damages arising during operations, governmental regulation, availability of mineral markets and changes in income tax laws. In assessing the risks of an investment in these securities, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the management of the Corporation. See "Risk Factors".

Dilution:

The effective issue price of the Shares at $.70 per share exceeds the net tangible asset value per Share as at December 31, 1997, after giving effect to the exercise of the Special Warrants but not the Warrants, by $0.63 or 90%. See "Dilution".

Management of the Corporation:

Allan J. Beaton, president and director, is a professional mining engineer with over 25 years of experience, a significant portion of which has been spent in Uganda and other African countries. See "Directors, Officers, Promoters and Other Management".

UGANDA GOLD MINING LTD.

Uganda Gold Mining Ltd. was incorporated under the *Business Corporations Act* (Alberta) by Articles of Incorporation dated March 27, 1996. The Corporation has its registered office at which it may also be served at 3700, 400 - 3rd Avenue S.W., Calgary, Alberta, T2P 4H2 and its principal offices at 475 Howe Street, Vancouver, B.C., V6C 2B3.

The Corporation has a wholly-owned subsidiary in Uganda called Nabisoga Mining Limited, which was incorporated under the Companies Act of Uganda on May 31, 1996. The Corporation acquired all of the outstanding shares of Nabisoga Mining Limited on August 30, 1996. See "Business of the Corporation - Share Purchase Agreement". Its registered office is at Metropole House, 5th Floor, 8110 Entebbe Road, Kampala, Uganda.

BUSINESS OF THE CORPORATION

The principal business of the Corporation, which commenced in 1996, is the acquisition and development of natural resource properties. Because of their work experience in Uganda, the promoters of the Corporation have determined to concentrate their initial efforts in that country.

The Corporation plans to develop the Kyakiddu Property to its fullest commercial production potential, and to acquire interests in other mineral development and exploration prospects. Full or partial interests may be acquired and these interests may not extend to all potentially productive zones and may be subject to royalties or other encumbrances.

Currently the Corporation has a crew of 40 men and women working on the Kyakiddu Property. An initial work program, which commenced in March, 1996 and provided trenching, sampling and mapping of parts of the property, as well camp construction and boundary surveying, is complete. Similar work is continuing on other target areas in the 54 km^2 property.

If necessary, the Corporation intends to hire or contract additional staff who, because of their expertise in the mining industry, will be able to assist it to achieve its objectives.

Share Purchase Agreement

Pursuant to the Share Purchase Agreement (the "Agreement") dated August 2, 1996 between the Corporation and Allan J. Beaton and Bradley D. Jefferson (the "Sellers"), in consideration of the issuance by the Corporation to the Sellers on closing of 5,000,000 fully paid Shares at a deemed issue price of 0.20 per share for a total purchase price of $1,000,000, the Sellers agreed to sell, assign and transfer to the Corporation all of the shares in the capital of Nabisoga Mining Limited, a recently incorporated Ugandan corporation whose sole asset is the rights to Kyakiddu Property under an Exclusive Prospecting License ("EPL") as more fully described below. This was a non-arms length transaction. The Sellers' original subscription price for the Nabisoga shares was approximately $500. The purchase price of $1,000,000 was determined by comparison to the value of comparable properties. This transaction closed effective August 30, 1996. As this was a non-arms length transaction, generally accepted accounting principles require that the Corporation record the value of the shares acquired at their historical cost, being US $10,000 ($13,800). Subsequently the parties agreed to reduce the number of shares issued pursuant to this agreement to 3,750,000. See "Escrowed Securities".

On July 23, 1996, Nabisoga Mining Limited acquired the rights to the Kyakiddu Property from the Kyakiddu Mining Company Limited, another private non-arms length Uganda company for the sum of 1,000,000 Uganda Shillings ("Ushs") (approximately $1,320) which price was determined arbitrarily. Bradley D. Jefferson, on behalf of himself and Allan J. Beaton holds a 90% interest in Kyakiddu Mining Company Limited which they acquired pursuant to an agreement dated February 17, 1996 and for which they paid Ushs 10,000,000 purchase price and Ushs 5,000,000 commission (approximately $20,500 in total) and agree to provide additional financing for the development of Kyakiddu Property. Pursuant to this agreement certain parties were granted profit sharing rights to the Kyakiddu Property. These profit sharing rights and the remaining 10% of the issued shares were released by these parties to the Corporation pursuant to an agreement dated July 23, 1996 in return for the issuance from treasury of 136,322 Shares to various parties and an employee option of 30,000 Shares. See "Options and Other Rights to Purchase Shares".

The rights to the Kyakiddu Property was originally acquired by the Kyakiddu Mining Company Limited approximately 8 years ago from arms length third parties.

Uganda

Uganda lies on the eastern part of the African continent and is a country with an area of 241,038 sq. km. out of which 43,942 sq. km. are covered by water and papyrus swamps. The great part of the country enjoys a moderate tropical climate. The highlands experience a temperate climate.

The country is served by a good network of major and feeder roads. There are two railway lines from the eastern entry point at Tororo. The North Line runs from Tororo to Pakwach through the eastern towns of Mbale, Soroti, Lira and Gulu. The Western Line runs from Tororo through Kampala up to Kasese serving the copper-cobalt Kilembe Mine situated at the south-eastern foothills of Mount Ruwenzori (Mountains of the Moon).

Uganda has an adequate potential for electrical power. The present source of power is the Owen Falls hydro-electric station at Jinja. Currently, the station has been rehabilitated to produce a power output of 185 MW. In addition, construction to expand the Jinja station started in 1995 to provide an additional second power house to produce 200 MW. The country has issued invitations internationally for the building of an 80 MW thermal electricity generating station on the outskirts of Kampala to meet increasing and unsatisfied demand.

Uganda is served by Posts and Telecommunications linked to the international network through a modern satellite station. Since 1995, private companies have been licensed to operate on the Internet, the World Wide Web and Starcom in an effort to improve services and efficiency.

In 1991 Uganda had a population of 17 million with a population growth rate of approximately 2.5% per annum (1991 census). Kampala, the capital city has a population which ranges from 750,000 to 1,000,000 people.

The country became independent from Britain in 1962. Ever since, it has undergone several changes of government. The National Resistance Movement (NRM) led by his Excellency Yoweri Kaguta Museveni has, on the whole, stabilized the country since he took political control of the country in 1986.

Uganda returned to participatory democracy in the presidential elections by universal suffrage on May 9, 1996 in which His Excellency Yoweri Kuguta Museveni was returned with a landslide majority. Subsequent to the presidential elections, elections have been held for the parliament and these have been declared free and fair by international observers.

Prior to 1980, the economy of Uganda was based on agriculture which accounted for 70% of GDP and over 95% of its export earnings. Since then, the economy is being diversified by non-traditional exports such as flowers, fruits, fish and minerals. Other sectors which contribute to the economy include electricity, water, construction, commerce, transport, communication services, mining and quarrying.

Internationally, Uganda, like most other African countries, works closely with UNDP, UNESCO, UNECA, UNEP, IMF, World Bank and UNO agencies. It collaborates with several other agencies and developed countries in promoting and sustaining development in the mineral sector.

The economy continues to recover significantly in response to (a) domestic policy measures leading to a high level of investment and implementation of projects, and (b) peaceful conditions restored by NRM in most of the areas of the country.

In 1994/1995 financial year, the economy indicated real GDP growth rate of 10% with agriculture expanding by 6%, manufacturing industry by 18%, and community services by 7%. The mining sector in 1995 contributed virtually 0.3% to the total GDP. This sector, however, showed a significant growth rate from 0.1% contribution in 1985 to a 0.3% contribution in 1994/95 year.

Uganda Investment Licence

Pursuant to the Uganda Investment Code 1991, Nabisoga Mining Limited, a corporation incorporated under the laws of Uganda and wholly owned by the Corporation, and whose directors are Allan J. Beaton and Bradley D. Jefferson, has been issued an Investment Licence dated October 24, 1996. The licence records that the estimated and proposed initial investment is US $2,000,000.

The investment license is subject to cancellation in the event of fraud or in the event of the holder failing to provide notice to the authorities of relevant changes.

Kyakiddu Property

Location and Access

The property is located in the southwest part of Uganda, 124 km by road west northwest of Kampala, the capital. The first 74 km. are moderately good paved roads. After turning off the main road the last 50 km. consists of dirt roads which gradually get narrower and less well kept as more densely populated districts are left behind. The last 2 to 3 km. into camp have been brushed out by the Corporation. The dirt road continues north across the property. The drive varies from 3½ to 5 hours depending on rainfall.

The property is covered by EPL No. 4069 which extends from about 0°38’30"N to 0°45’00"N and from about 31°34’30"E to 31°41’00"E. It lies on topographic map sheet 59/111 Debeza 1:50,000, in Kasanda County in the District of Mubende.

Topography

The property lies in the Ugandan Highlands at elevations ranging from about 1,130 metres to about 1,430 metres above sea level. The terrain consists of rolling hills and valleys with a large scale east-west trend. Being non-glaciated, the area has rare outcrops but resistant rocks such as quartz form angular block fields which may be assumed to occur relatively close to their origin. Several of these have been located and stripped.

Climate

Uganda has two rainy seasons; one from August to December and another from April to May. Annual rainfall at Mubende (28 km. southwest) was measured at 1,200 mm. average (1914 to 1920). The rain is only heavy in November which is also the coldest month. The temperature may generally be about 27°C to 32°C during the day but direct sunshine is noticeably very strong.

Property

The property covers 54.7 sq. km. in an irregular east-northeast trending block which formerly consisted of several EPL's and are now incorporated into one, namely EPL No.4069, which has been renewed until January 3, 1999. These licences were originally issued for placer gold mining and are still good for that purpose but also cover hard rock gold exploration. The source of the gold found in placers is now of primary interest. The holders of an EPL do not own the land, but rather have the exclusive rights to prospect for the minerals named in the EPL to the exclusion of other persons, which includes the rights to necessary exclusive occupation and the right to make excavations, and to build roads and dwellings for workers.

The EPL is renewed every year based on an exploration program submitted at the beginning of the year, detailing the money to be spent on the property and the proposed amount of work employing Ugandans. A monthly report to the authorities is required.

When a significant body of mineralization is located, upon application a mining lease of 21 years may be and usually is granted with a further 15 year option.

Geology

The major part of Uganda covers Precambrian gneisses, schists, phyllites, slates, shales, quartzites and sandstone. Along the eastern boarder of the country is found Tertiary volcanic rocks and alkaline volcanic centers. The western border area is occupied by the central African rift valley which is in part filled with Pleistocene and recent sediments.

The property covers Precambrian rocks consisting in the main of fine grained sandstone, shale-phyllite-schist and occasionally quartzitic schist of the Buganda series. A 2.0 km wide band of conglomerate and sandstones of the Singo series strikes east west across the central part of the EPL area. The two series are divided by an unconformity. The basal conglomerate of the Singo series consists of rounded and sub-angular waterworn boulders of quartzite, vein quartz and silicified shales and chert, derived from the underlying Buganda series.

Two large bodies of porphyritic granite flank the above rocks west and southeast of the EPL area. The age of the granite is also Precambrian but post Singo and Buganda series.

The rocks in the southwest area are folded into an arc shaped synclinal structure the axis of which strikes east west near the granite intrusion on the west side of the Nabakazi River (the west EPL boundary), changes strike through east southeast on the property and to southeast south of the property. It appears to plunge to the east and southeast.

Isoclinal folding with repetition of beds appears to occur although facies changes and the lack of a reliable marker horizon and deep weathering make mapping difficult. The dip in the southwest EPL area is generally vertical to steeply southwesterly. Some horizons have been affected by post depositional movement which have caused recrystallisation, shearing, brecciation and even mylonitization.

The granitic rocks appear to have preferentially intruded the synclinal core. The granitic contact area is partly hornfelsed, occasionally brecciated and silicified.

Exploration and Development History

Gold was first located in the Nabakazi River in 1948. Placer mining started about 1962 and continued every year thereafter -- all gold recovery was by panning only. The Nabakazi River was found to be difficult to work due to constantly inflowing water. Every other valley in the district was also tested. The south branch of

Nabisoga River was found to be particularly good and the entire valley bottom was eventually hand pitted and the gold recovered by hand panning. Old reports mention that only coarse gold - 3-4 mm. was saved. The Muzinda River was also worked. In 1988 an estimated 1,000 placer miners were working mainly in the south Nabisoga Valley. The large majority of the recovered placer gold was not officially recorded.

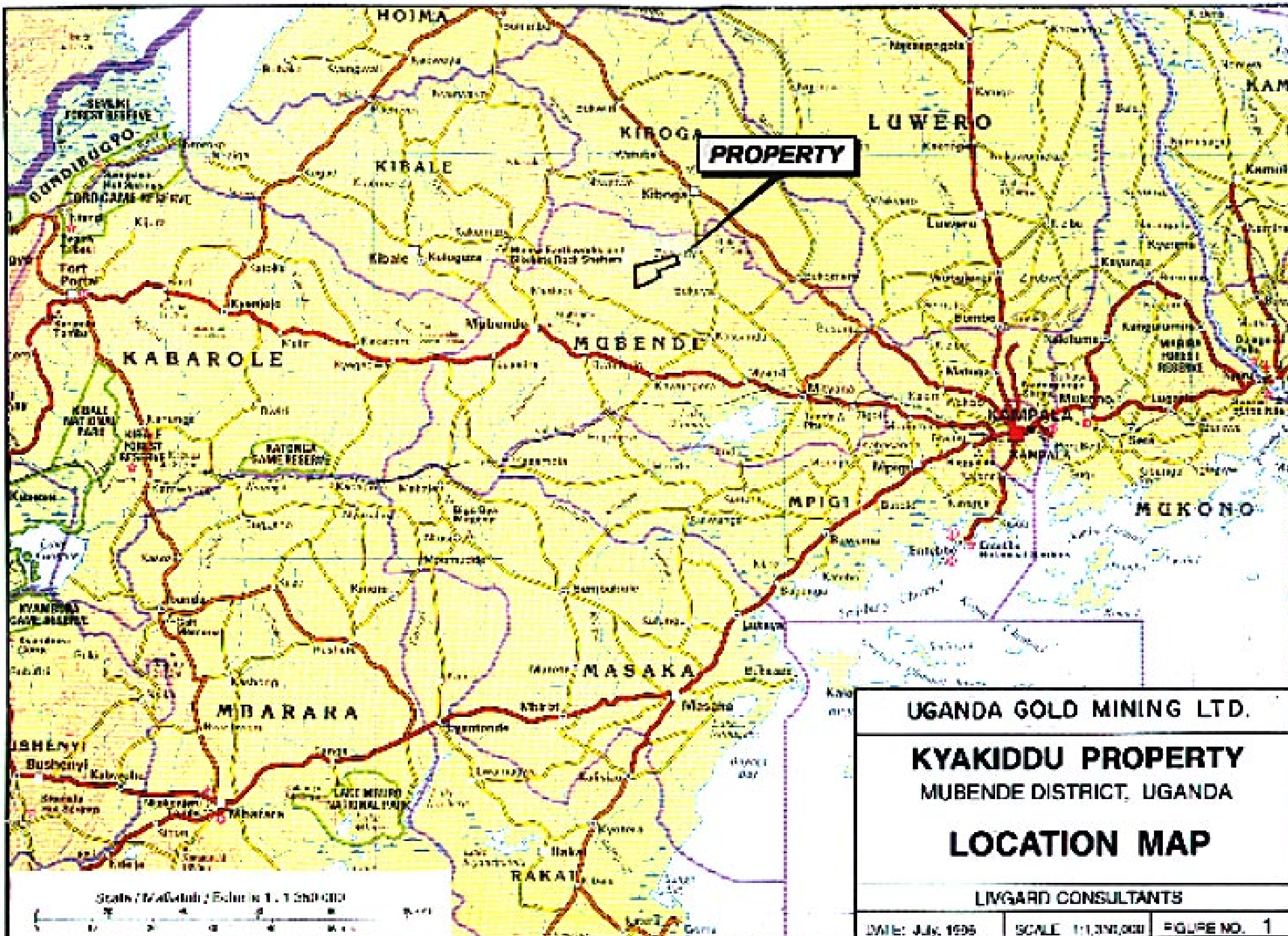
During 1979 to 1988 placer mining was illegal. During 1988 to 1990 mining was allowed under a cooperative. From 1990 to the present any Ugandan individual can claim exclusive areas to prospect.

During 1990 to 1994 four different exploration companies looked at and wrote reports on the Kyakiddu property. All were concerned with placer mining, none did any physical work. In early 1996, the principals of Uganda Gold Mining Ltd. acquired the rights to the property under an option through Kyakiddu Mining Company Ltd.

The Corporation's exploration work commenced on March 7, 1996 and is ongoing. It consists of prospecting, trenching, stripping and testing, sampling, mapping and, in the near future, diamond drilling.

Other Uganda Properties

Pursuant to a joint venture agreement dated July 8, 1998, the Corporation, through its wholly-owned subsidiary acquired an 80% interest in 22 exploration licenses covering approximately 362 square kilometers. As consideration, the Corporation has to fund exploration up to and through the bulk sample stage, and issue the vendor 50,000 common shares, which is still subject to regulatory approval. These licenses are at the very early exploration stage and the Corporation does not currently have any defined work program planned for these licenses.



UGANDA GOLD MINING LTD.

KYAKIDDU PROPERTY

MUBENDE DISTRICT, UGANDA

LOCATION MAP

LIVGARD CONSULTANTS

DATE: July, 1996	SCALE 1:1,350,000	FIGURE NO. 1

Livgard Report

Livgard Consultants of Vancouver, British Columbia has carried out an independent review of the Kyakiddu Property at the request of the Corporation, by personally inspecting the property. The report came to the conclusion that the Kyakiddu Property was one of merit and recommended that the primary exploration target should be auriferous quartz works with bulk tonnage potential. The descriptions of the property contained herein are taken from the Livgard Report.

A copy of the Livgard Report dated August 15, 1996 and his updates dated June 22, 1997 and September 17, 1998 may be reviewed at the offices of the Corporation at 475 Howe Street, Vancouver, B.C. and at the offices of Macleod Dixon at 3700, 400 - 3rd Avenue S.W., Calgary, Alberta, during regular business hours during the course of distribution hereunder.

Proposed Exploration Program and Budget

The first stage of the development of the Kyakiddu property has been completed. The following is a summary taken from the June 22, 1997 update of the Livgard Report (the "Livgard June Update Report"):

> "Exploration on the Kyakiddu property (EPL 4069) in Uganda from June 1996 to June 1997 consisted largely of trenching. 1200 m^3 of overburden was removed from 44 trenches. Trenching first focuses on the Jonesoga Valley after visible gold was located in the overburden. Excavation of 21 trenches conclusively showed that gold was not moving down Jonesoga Valley. Further prospecting located visible gold 200 m east of camp and a series (twelve?) of auriferous quartz veins were exposed in excavation of 23 trenches.
>
> Most quartz veins or sections of quartz veins exposed by trenching appear to be tensional gash veins. They are up to 1.5 m wide and carry low to moderate amounts of hematite in cavities with quartz crystals, as blebs and stringers and as red staining. Manganese oxide is also prominent as staining.
>
> The only other mineral noted was visible gold. Visible gold was as far as possible avoided by the writer when sampling (other than one sample #97961).
>
> The auriferous veins are all located in quartzite A, which is a highly phyllitic fine-grained quartzite.
>
> The values obtained in the writer's samples are highly irregular, going as high as 124 ounces per ton in one sample (#97964). Six veins gave results above 0.414 ounces per ton over widths of about 1.0 m. The erratic nature of the values and the low correlation between gold and iron (hematite) perhaps indicates that a significant percentage of the values is due to secondary gold enrichment.
>
> Gold values correlate well with silver, low to moderately well with antimony and bismuth. This probably reflects the nature of the primary mineralization."

Below is a table of channel samples and assays as supplied by the Company's independent geological consultant, Egil Livgard.

Sample #	Location	Width	Gold Values	Ag ppm	Sb ppm	As ppm	B1 ppm
97952	Nalongo Trench #9 H.W.	Panel	38 ppb	0.3	19	2	5
97953	Nalongo Trench #14 F.W.	Panel	0.73 opt.	2.8	115	10	56
97954	Nalongo Trench #1 centre	1.0 - 1.2 m	0.414 opt.	0.7	1406	9	251
97955	Nalongo Trench #1 NW	0.6m	0.598 opt	0.4	2423	11	263
97956	Nalongo Trench #2	0.8m	0.002 opt	0.3	41	7	7
97957	Nalongo Trench #3E	0 - 0.4m ?	0.023 opt.	0.3	107	7	14
97958	Nalongo Trench #4	1.0 - 1.2m	0.071 opt.	0.6	2344	70	7930
97959	Nalongo Trench #5	0.7m	4.251 opt.	1.4	194	8	161
97960	Nalongo Trench #9	0 - 1.0m	6.049 opt.	2.4	396	11	153
97961	Nalongo Trench #12	selected	84.712 opt.	27.2	1630	10	4121
97962	Nalongo Trench #12E	?	0.171 opt.	0.5	488	21	294
97963	Nalongo Trench #12C	1.0 m?	5.418 opt.	1.7	1828	<2	5153
97964	Nalongo Trench #12W	1.0m?	124.184 opt.	12.6	754	6	1412
97965	Trench #16	0.7m	0.533 opt	0.4	764	40	83
97966	Trench #17	0.7m?	3.501 opt.	1.9	937	58	88
97967	Trench #22	?	0.812 opt.	0.3	157	8	94

Mr. Livgard concluded in the Livgard June Update Report that the property has been substantially enhanced by the work carried out by the Corporation in the past 12 months, and that his previous recommendations in respect to the property continue to be valid.

Mr. Livgard, in his September 17, 1998 Progress Report on the property reviewed the recent results and reported on his trip to the property from April 25 to May 8, 1998.

RECENT EXPLORATION RESULTS

Exploration is being carried out on five quartz showings located from 200 metres to 2 kilometres from the Nalongo. To date none of these showings have exhibited the visible mineralization and high assays of Nalongo but all are gold bearing. To date there are over fifty known quartz veins showing on the property. Most of these showings have not been excavated or sampled. Road access to these showings will be established over the next four months.

The Corporation's camp has been upgraded with 10 new huts and a 34 foot hand-dug well. The Corporation and the local chiefs have agreed on jointly maintaining the last seven kilometres of road to the mine property. The Ugandan Government repaired and upgraded 25 kilometres of the main road, reducing the time to drive from camp to Kampala to less than 3 hours.

The Corporation is in the process of acquiring a mine lease for the Kyakiddu concession. The Corporation believes that the surface quartz veins alone on the Nalongo Lode should allow the Corporation to obtain this mine lease.

The samples from the Kyakiddu property were brought back to Vancouver, British Columbia by Mr. Livgard and analysed using 30 element induced coupled plasma and geochemical gold analysis by Acme Analytical Labs Inc. Gold values over 1.0 g/tonne will be fire assayed.

PROPOSED WORK PROGRAM

The following general property review and exploration program for the next three months has been recommended to the Corporation by Egil Livgard and the Corporation has adopted this program.

The Corporation's Kyakiddu property in Uganda covers over 54 km^2. About 5.0 km^2 is under active exploration at present.

The primary exploration target is quartz stock works with gold in criss crossing quartz stringers, veinlets and fractures in the host rock. Such stock work has been exposed at the Nalongo showings. The quartz veins with abundant visible gold described previously can be considered part of that stock work. Frequent areas of high (50%) quartz fragment content in the overburden suggests the other stock works will be located.

The quartz veins have occasional cavities with fine crystals and in other places the quartz looks chalcedonic.

The area has remnants of lateritic duricrust and fragments of duricrust are frequently located. Secondary (microscopic) gold accumulation in the saprolite is therefore considered to be a very likely possibility.

Satellite images and air photography will be used in preliminary assessment of the 54 km^2 property.

The Corporation has substantially completed the previously recommended exploration program at an estimated cost of approximately $430,000 which consisted of:

1. A cut will be excavated into the Nalongo showing to reach a depth of 10-15 m below surface. This will open up some quartz veins and part of the stock work to geological examination and more accurate sampling than has been possible previously.

2. A reconnaissance soil survey covering about 4 km^2 will be carried out to outline anomalous areas. A tighter grid soil survey will then follow to define the anomalies.

3. A series of pits (20 or more) will be excavated systematically on the grid system along the base line and along two "fences" running north-south. The pits will be excavated down to bedrock (estimated to be at depths of 1 to 5 metres). The walls of the pits will be mapped and samples will be taken of each overburden type. The bedrock will also be mapped and sampled. The excavation will give more geological and grade information, the soil survey will indicate new areas of gold mineralization and the pits will indicate the nature and gold grade of sections of the saprolite, as well as help clarify the geology. This will perhaps locate hydrothermal alteration in the bedrock, new quartz stock works or other mineralization.

4. The Nalongo Lode area will be diamond drilled to ascertain the depth, extension and grade of the quartz stock work zone.

Mr. Livgard, in his September 17, 1998 Progress Report made the following recommendations:

1. The excavator (Hitachi Ex200) should be used to improve some old roads and build new roads to the Nansere valley via the "Brad" vein, to the Nabikazi River via the #7 and #8 vein, to the #4, #5 and #6 showings, to and through the Muzinda Valley, to the DJ showing and to the NW corner of the EPL at the strong satellite lineaments in this area.

2. Vein zones should be trenched and systematically samples.

3. The hillside along the Jonesoga 20 m below the top should be trenched along the area which gave anomalous values in the soil. That is approximately from sample #20 to sample #44. A road along the soil line with rock outcrop along the inside cut will suffice. The rock exposures should be mapped and sampled.

4. The Nansere, Nabikazi and Muzinda River gravels should be briefly examined and panned.

5. The Nalongo alluvial deposit should be systematically sampled and the overburden mapped in an attempt to established with reasonable accuracy the volume and grade of the mineralized material. The sampling here must be of a high degree of reliability. The remainder of the core samples must be analysed.

6. A geologist should be hired to lay out and supervise the sampling. Large samples should be collected.

7. Sample collections and analysis is essential to the success of any exploration program particularly for gold.

   It is therefore strongly recommended that the company set up its own sample preparation laboratory in Kampala. Most of the equipment is already on hand.

   The samples should be crushed, pulverized and split to a suitable size (100 - 250 g?) and airfreighted to Vancouver for geochemical gold analysis. Any sample giving "anamalous" values (50 - 500 ppb??) should then be shipped and analysed by pulverizing, screening and assaying. Some preliminary testing is required for this procedure to determine an anamalous value and to determine how frequently a sample may have screen metallic gold values yet have below "anamalous" value in the fines.

8. The "Duricrust" pit on Bucucuky Ridge should continue down through the saprolite to bedrock. The depth may well be 5 to 10 m in addition to the present 2.5 m which appears to be just through the duricrust. The walls of the pit must then be channel sampled all the way down in ½ metre lengths.

9. There are apparently more than one age of quartz emplacement. If this is the case not all quartz may be auriferous. An attempt should be made to determine this by mapping cross-cutting quartz, describing the type of quartz and in sampling quartz always describing it.

10. Soil sampling should be the first exploration tool. It is recommended that reconnaissance soil survey be carried out along selected parts of the roads. More specifically the Muzinda area, the west tip of the Bucucuky Ridge, the north-south extensions of the DJ veins and also other areas which may from time to time appear promising.

USE OF PROCEEDS

The net proceeds to the Corporation from the sale of the Special Warrants offered herein will be approximately $510,000, after deducting the Agent's commission and expenses.

The Corporation intends to expend the net proceeds of this Offering as follows:

	Anticipated Expenditures
Proposed Work Program for Kyakiddu[1]	$ 430,000
General Working Capital	$ 35,000
Future Acquisitions	$ 45,000
	$ 510,000

Notes:

(1) See "Business of the Corporation".
(2) As of June 30, 1998, approximately $130,000 had been spent.

Due to the nature of exploration and development, budgets are regularly being reviewed with respect to both the success of the expenditures and other opportunities which become available to the Corporation. Accordingly, while it is currently intended that the net proceeds will be expended by the Corporation as set forth above, actual expenditures may in fact differ from these amounts and allocations.

ADMINISTRATIVE EXPENSES

The Corporation's working capital available after Closing to fund ongoing operations will be sufficient to meet its administrative costs for approximately 12 months, estimated to be approximately $120,000 per year. At June 30, 1998, the Corporation's working capital was approximately $467,000.

DETAILS OF THE OFFERING

On June 10, 1998, the Corporation completed a private placement of an aggregate of 895,000 Special Warrants at a price of $0.70 per Special Warrant pursuant to prospectus exemptions under applicable securities legislation, pursuant to the Agency Agreement between the Agent and the Corporation. Pursuant to the Agency

Agreement, the Agent agreed to act as, and the Corporation appointed the Agent as sole and exclusive agent of the Corporation to offer the Special Warrants for sale on a private placement basis, at a price of $0.70 per Special Warrant.

Each Special Warrant will entitle the holder to acquire one unit (each a "Unit") comprised of (subject to adjustment as hereinafter provided) one Share and one Warrant at no additional cost on or before 4:00 p.m. (Vancouver time) (the "Expiry Time") on the earlier of: (i) five business days after the Qualification Date; and (ii) the first anniversary of the Closing Date (as hereinafter defined). Each Warrant will entitle the holder to acquire one Share at a price of $0.90 per share until December 10, 1999. Any Special Warrant not exercised prior to the Expiry Time shall be deemed to be exercised by the Trustee without any further action on the part of the holder, at the Expiry Time.

Pursuant to the Agency Agreement, the commission paid to the Agent in connection with the offering was $0.07 per Special Warrant, being $62,650. In addition, the Agent received a Special Warrant (the "Agent's Special Warrant"), exercised for no additional consideration, into an option ("Agent's Compensation Option"), entitling the Agent to purchase 89,500 Units ("Agent's Units"). Each Agent's Unit will consist of one Share and one Share purchase warrant exercisable into one Share at a price of $0.90 per Share up to December 10, 1999. The Agent's Compensation Option will be exercisable until June 10, 1999. The Agent's Special Warrants shall be exercisable at any time until the Expiry Time, provided that it is not exercised prior to the Expiry Time, it will be deemed to be exercised without any further action on the part of the holder immediately prior to the Expiry Time. If the Qualification Date does not occur on or before the Qualification Deadline, the Corporation will adjust the Agent's Special Warrant so that after such adjustment, the Agent's Compensation Option will entitle the Agent, on the exercise thereof, to acquire up to 110% of the number of Units which the Agent would otherwise have been entitled to acquire (the "Agent's Increase"). In the event that the Agent's Increase occurs, the Unit exercise price shall be deemed to be $0.63 per Unit.

This prospectus is being filed in the provinces of Alberta and British Columbia to qualify the distribution of Shares and Warrants to be issued on exercise of the Special Warrants and the distribution of the Agent’s Compensation Option on exercise of the Agent’s Special Warrant. All of the outstanding Shares are fully-paid and non-assessable and the Shares issuable upon exercise of the Special Warrants, the Warrants, the Agent’s Compensation Option and Agent's Warrant will, when issued, be fully paid and non-assessable. See "Description of Share Capital".

If a receipt dated on or before October 8, 1998 (the "Qualification Deadline") for the Prospectus is not obtained from the securities commission in each of the Filing Provinces, each holder of Special Warrants resident in a Filing Province in which such receipt has not been obtained shall be entitled

(a) for a period of five business days after the Qualification Deadline, to require the Corporation to repurchase up to 50% of such holder's Special Warrants and to thereby receive the *pro rata* share of the Escrowed Funds (as defined below) attributable to such holder's repurchased Special Warrants together with any interest earned thereon (the "Repurchase Election"); or

(b) to receive 1.1 Shares and 1.1 Warrants (the "Increase") upon the exercise of such holder's Special Warrants.

If the holder elects to receive any portion of the holder's subscription proceeds back pursuant to a Repurchase Election, then that purchaser will not receive the Increase on that holder's remaining Special Warrants. All Escrowed Funds not released to holders of Special Warrants pursuant to Retraction Elections shall be released to the Corporation on the earlier of 6 days after the date upon which a receipt for the Prospectus is issued in each of the Filing Provinces or October 15, 1998

Upon the closing of the offering, the Corporation the received on half of the gross proceeds from the offering less the Agent's fees and expenses. The balance (the "Escrow Funds") were deposited into escrow, to be used to satisfy the obligations of the Corporation arising from Repurchase Elections, if any, and, any Escrow Funds not paid out in respect of Repurchase Elections shall be released to the Corporation on the earlier of six days after the Qualification Date or October 15, 1998.

Each Warrant will entitle the holder thereof to purchase one Share at a price of $0.90 per Share at any time prior to 4:00 p.m. (Vancouver time) on December 10, 1998.

The Warrants are to be issued under the Warrant Indenture. The Warrant Indenture contains provisions to the effect that in the event of any subdivision, consolidation, change, reclassification or alteration of the Shares or in the event of the consolidation, amalgamation or merger of the Corporation with another corporation, a proportionate adjustment or change will be made in the number and kind of securities issuable on the exercise of the Warrants.

The Warrant Indenture also provides that the exercise price per Share is subject to adjustment in certain events including:

(a) the subdivision or consolidation of the Shares or the issue of Shares to all or substantially all of the holders of Shares by way of a stock dividend, other than an issue of Shares to such holders as a "dividend paid in the ordinary course" (as defined in the Warrant Indenture);

(b) the issue of rights, options or warrants to all or substantially all of the holders of Shares entitling them, within a period of no longer than 45 days after such date of issue, to acquire one Share at less than 90% of the "current market price" (as defined in the Warrant Indenture) of the Shares or to securities convertible into Shares where the conversion price at the date of issue of such convertible securities is less than 90% of the "current market price" of the Shares as defined herein; and

(c) distribution to all or substantially all of the holders of Shares or of shares of any other class or of rights, options or warrants (other than those referred to above) or of evidence of indebtedness or of assets, excluding "dividends paid in the ordinary course of business" (as defined in the Warrant Indenture).

The distribution of Common Shares and Warrants hereunder will not result in any proceeds being realized by the Corporation.

The Agent is not a "related party" or a "connected party" to the Corporation, as defined under the *Securities Act* (British Columbia).

DIRECTORS AND OFFICERS, PROMOTER AND OTHER MANAGEMENT

The name, municipality of residence, age and principal occupations of each of the existing directors, promoters, officers and other management of the Corporation and persons holding directly or indirectly more than 10% of the Corporation's voting securities and number of Shares of the Corporation held by each at the date hereof are as follows:

Name and Municipality of Residence	Position Held	Number of Shares Held	Percentage of share held	Principal Occupation for the Past Five Years
Allan J. Beaton[1] Vancouver, B.C.	Promoter, President and Director	1,925,000	23.1%	1994 to present, President of Vicore Mining, a mining construction company; from 1995 to 1996, Vice President Mining, Banff Resources; 1995 to 1996 director of Loumic Resources Inc.
Bradley D. Jefferson[1] Vancouver, B.C.	Director	1,875,000	22.5%	1996 to present, Exploration Superintendent of the Corporation. 1995 to 1996, Superintendent of Surface Work, Banff Mines, Uganda. 1991 to 1995, Excavating Contractor and Operator.
Roger Nickel[1] Vancouver, B.C.	Director	35,000	0.4%	Chartered Accountant, Roger G. Nickel Ltd.
D. Richard Skeith Calgary, Alberta	Corporate Secretary	nil	nil	Barrister and Solicitor, currently a partner at Macleod Dixon, Calgary, Alberta.

(1) Members of the audit committee.

The following is a brief description of the directors, officers and promoters.

Allan J. Beaton, President, Director and a promoter of the Corporation, age 50, is a professional mining engineer who received his degree in mining engineering in 1970 from the Nova Scotia Technical College. Since then he has worked continuously in the mining industry, including stints at the Mafulira Copper Mine in Zambia and at the Kilombe Copper Mine in Uganda. He has also owned and operated his own engineering firms that have completed mining, quarrying and tunnel consulting jobs world wide.

Roger Nickel, Director of the Corporation, received his Chartered Accountant designation in December 1969, and has conducted a public accounting practice servicing small business and income tax clients which include professionals and businesses in the mining industry, from February 1972 to present. From February 1995 to November 1996 he was a director of Rochester Minerals Ltd., a publicly-traded company on The Vancouver Stock Exchange.

Bradley D. Jefferson, a director of the Corporation, age 35, was, until September, 1996, the superintendent of surface operations at the Kilombe Copper Mine for Banff Resources in Uganda. Since 1980 he has been a heavy equipment operator, and has owned and run his own contracting, recycling and excavating business. He currently oversees the Corporation's work program in Uganda.

D. Richard Skeith, Corporate Secretary of the Corporation, age 45, received his law degree from the University of Alberta in 1978. He is a lawyer in Calgary, Alberta whose practice is concentrated on securities and natural resource matters. He is a director or officer of various public companies listed on the ASE and The Toronto Stock Exchange.

The directors, officers, promoters and management as a group own 3,835,000 shares, or 46% of the currently outstanding shares, and 41.6% of the outstanding Shares after the issuance of the Shares on the exercise of the Special Warrants.

Allan J. Beaton and Bradley D. Jefferson intend to devote 100% of their time to the affairs of the Corporation. The other directors shall devote such time as may be required to discharge their duties, estimated to be less than 5% of their time.

CONFLICTS OF INTEREST

There are potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the operations of the Corporation. Some of the directors and officers are engaged and will continue to be engaged in the search for business projects or prospects and situations may arise where some of the directors and officers will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies under the Business Corporations Act (Alberta). The Corporation leases exploration equipment, at regular commercial rates, from Bradley D. Jefferson, or companies in which Bradley D. Jefferson has an interest.

PAYMENT TO INSIDERS AND PROMOTERS

Executive Compensation

During the last fiscal year, Allan J. Beaton, the sole executive officer received fees in the amount of approximately $33,000 from the Corporation. The Corporation anticipates that it will pay aggregate compensation totalling $120,000 over the next 12 months to Allan J. Beaton, as chief executive officer and to Bradley D. Jefferson, as an employee. It is not anticipated that the directors will receive any compensation for acting as directors.

Consultants Fees, Options and Other Rights to Purchase Shares

The Corporation has granted the following options to purchase an aggregate of 785,000 Shares to certain directors, officers and employees of the Corporation which are outstanding as at the date hereof.

	Number of Shares Reserved	Exercise Price Per Share	Expiry Date
3 directors	410,000	$0.35	November 1, 2001
	50,000	$0.58	February 4, 2003
	50,000	$0.84	February 4, 2003
8 officers, employees and others	135,000	$0.35	November 1, 2001
	90,000	$0.35	September 16, 2002
	50,000	$0.35	September 17, 1998

The Corporation has outstanding at the date hereof, 140,000 warrants, each entitling the holder to purchase one Share for $0.90 per share until March 12, 1999, and 180,000 warrants, each entitling the holder to purchase one Share for $0.70 until September 24, 1999.

There are no assurances that the options and warrants described above will be exercised in whole or in part.

Directors

No remuneration has been paid or is payable by the Corporation to the directors of the Corporation in their capacity as directors of the Corporation.

INDEBTEDNESS OF DIRECTORS, OFFICERS AND PROMOTERS

No directors or officers, promoters or other members of management is or has been indebted to the Corporation at any time since incorporation of the Corporation.

DESCRIPTION OF SHARE CAPITAL

Common Shares

The Corporation has an unlimited number of authorized Shares, of which 8,327,950 are issued and outstanding at the date hereof. All Shares when issued pursuant to the exercise of the Special Warrants shall be issued as fully paid and non-assessable. The holders of Shares are entitled, subject to the prior rights attaching to the Preferred Shares, to dividends if, as and when declared by the board of directors, to one vote per share at any meeting of the shareholders of the Corporation; and upon liquidation to receive, all assets of the Corporation as are distributable to the holders of Shares.

Preferred Shares

The Corporation has an unlimited number of Preferred Shares, which may be issued from time to time in one or more series, each series consisting of a number of Preferred Shares as determined by the board of directors of the Corporation who may also fix the designation, rights, privileges, restrictions and conditions attaching to each series of Preferred Shares. No series of Preferred Shares has yet been designated and there are no Preferred Shares issued and outstanding.

The Preferred Shares of each series shall rank, with respect to payment of dividends and distributions of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, on a parity with the Preferred Shares of every other series and shall be entitled to preference over the Shares.

CAPITALIZATION

The following table sets forth the existing and proposed long term share and debt capital of the Corporation as at October 31, 1997, and the proforma capitalization of the Corporation as at April 30, 1998 giving effect to this offering.

	Authorized	October 31, 1997	April 30, 1998	Outstanding as at April 30, 1998 after giving effect to the Offering and Subsequent Issuances(1)
		(audited)	(unaudited)	(unaudited)
Long Term Debt	--	nil	nil	nil
Preferred Shares	unlimited	nil	nil	nil
Shares(1)	unlimited	US $768,986 (8,167,950 shares)	US $839,096 (8,307,950 shares)	US $1,205,207 (9,222,950 shares)

Notes:

(1) There are incentive options outstanding to acquire a total of 785,000 shares at various exercise prices and 140,000 warrants exercisable at $0.90 per share. See "Options and Other Rights to Purchase Shares". The Agent has an existing warrant to acquire up to 180,000 shares at $0.70 per share until September 24, 1999.

(2) As at April 30, 1998, the Corporation's deficit was US $200,125.

PRIOR SALES

In the previous 12 months, the following Shares have been issued from treasury.

Date Issued	Number of Shares	Issue Price per Share	Aggregate Issuance Price	Nature of Consideration
August 19, 1997	2,500,000	$ 0.35	$ 875,000	cash
August 19, 1997	42,857	0.35	15,000	services
September 16, 1997	136,322	0.35	47,713	property interests
September 30, 1997	38,771	0.35	13,570	cash
October 30, 1997	200,000	0.35	70,000	cash
April 15, 1998	140,000	0.71	99,400	cash
May 6, 1998	5,000	0.70	3,500	cash
May 21, 1998	10,000	0.70	7,000	cash
June 3, 1998	5,000	0.70	3,500	cash

RISK FACTORS

Investment in the Special Warrants offered hereby is speculative and the investor should be prepared to lose his entire investment. A prospective investor should consider carefully the following factors.

The Corporation

The Corporation has the exploration rights to only mineral properties at the early stage of exploration. The Corporation is not able to and has no present intention to pay any dividends to the holders of Shares.

Investors will have to rely on the expertise and good faith of the management of the Corporation to carry on its business. There is no assurance that the Corporation's business will become profitable or successful. There is no current market for the shares.

The success of the Corporation will be largely dependent upon the performance of its management and key employees. The Corporation has no current intention to acquire key man insurance on any of its employees or officers. Allan J. Beaton and Bradley D. Jefferson plan to devote 100% of their time to affairs of the Corporation. The other directors will devote such time as is necessary to discharge their duties, estimated to be 5%.

The promoters, directors, officers and controlling persons, as a group hold 46.0% of the currently issued and outstanding Shares and 41.6% after giving effect to the issue of the Shares on the exercise of the Special Warrants.

The Corporation has no earnings or dividend record.

Exploration and Development

The Corporation will expend most of the proceeds from the sale of the Special Warrants on mineral exploration and development activities which involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. No assurance can be given that commercial accumulations of minerals will be discovered as a result of the efforts of the Corporation. Subscribers must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation. If all of the proceeds of this issue are spent without making mineral discoveries in commercial quantities, the Corporation may need additional financing to continue in business, and there can be no assurance that such financing will be available or, if available, will be on reasonable terms. Future development of the Corporation's mineral properties may require additional financing, which may not be available. The Corporation has no known commercial reserves.

The Corporation's exploration licence refers to a survey which has not yet completed. Accordingly the exact boundaries of the claims is not yet known.

Conditions of Ugandan Exploration Rights

The Corporation has received a transfer of an investment license which was held by Allan J. Beaton and Bradley D. Jefferson.

There are certain conditions to maintaining and renewing EPL No. 4096, the Corporation's main asset. A geological report and evidence that a reasonable amount of money has been expended on the property must be filed annually. Renewal is then on a discretionary basis.

If the Corporation is successful in finding mineralization in sufficient quantity and quality to be commercially mined, it will have to apply for a mining lease. This will require an application accompanied by a proposed mining plan.

Operating Hazards and Environmental Liabilities

The operations to be conducted by the Corporation will be subject to all of the operating risks normally attendant upon mineral exploration and development including risks attendant upon working with heavy machinery and explosives. The Corporation will acquire insurance coverage in accordance with standard industry practice. However, such insurance coverage may not be sufficient to fully cover the extent of the liabilities which the Corporation may incur. Uganda has environmental regulations that the Corporation will have to follow.

Industry Conditions

The mining industry is highly competitive and the Corporation must compete with many companies with greater financial strength and technical resources. Generally, there is intense competition for the acquisition of resource properties considered to have commercial potential. Prices paid for minerals produced, in particular gold, are subject to market fluctuations and will directly affect the profitability of producing any mineral reserves which may be acquired or developed by the Corporation. Mining operations, including lease acquisitions, are subject to extensive government regulation. Operations may be affected from time to time in varying degrees by political and environmental developments, such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls and changes in conditions under which certain minerals may be exported.

Political Risks

The Corporation plans to conduct it operations in Uganda, a country that does not have the same laws as Canada in respect to exploration licenses property ownership and other relative areas. While the country is currently described as democratic, its history is relatively short. The Corporation has no control over the political system or its effect on the Corporation's operations in Uganda. The Corporation could suffer a complete loss of its rights and property without compensation if the laws of Uganda change. The Corporation will also be exposed to international currency fluctuations, over which it will have no control.

Year 2000

The Corporation has considered the impact of the Year 2000 issues on its computer systems and applications. Operationally, the Corporation does not depend on information technology and there are minimal electronic interfaces between it and third parties. The Corporation has developed a plan to replace its financial reporting and accounting systems which will address the Year 2000 issues along with other management information needs. This involves the purchase of off the shelf software at minimal cost. The Corporation expects to have the new system operational significantly before the end of 1999. The effect of Year 2000 issues on the Corporation's suppliers is unknown and could have a ripple effect on the Corporation. The Corporation intends to determine whether its suppliers are Year 2000 compliant during 1999.

DILUTION

Subscribers for Special Warrants offered hereby will be subject to an immediate dilution with respect to the offering price compared to the consolidated net tangible book value of the Company per Share of at April 30, 1998. The following table sets forth the dilution per common share on a fully diluted basis as at April 30, 1998.

Offering price		$0.70
Net tangible book value per Share as at April 30, 1998(1)	$0.01	
Increase in net tangible book value per share attributable to the distribution(2)	$0.06	
Net tangible book value per Share after giving effect to the distribution	$0.07	
Dilution to subscribers per Share		$0.63

Percentage dilution relation to Offering Price	90%

Notes:
(1) Based on April 30, 1998 unaudited balance sheet, using a U.S. dollar conversion rate of 0.6988.
(2) Net of Agent's fee and estimated expenses of the issue.
(3) Assumes allocation of issue price of Special Warrant being $0.70 to Share and nil to Warrant.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Macleod Dixon, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations applicable to subscribers who acquire Units pursuant to this offering, who are resident in Canada for purposes of the Income Tax Act (Canada) (the "Tax Act") and who hold the securities acquired hereunder as capital property. This summary is based upon the current provisions of the Tax Act, the Regulations thereunder (the "Regulations"), specific proposals to amend the Tax Act and the Regulations which have been announced prior to the date hereof by the Minister of Finance, and counsel's understanding of the current administrative policies of Revenue Canada. Except as specifically noted above, this summary does not take into account or anticipate any changes in the law, whether by judicial, governmental or legislative action or decision. This summary does not take into account the tax laws of any province, territory or foreign jurisdiction which may differ significantly from those discussed herein.

This summary does not apply to subscribers who are principal-business corporations within the meaning of the Tax Act or whose business includes trading or dealing in rights, licences or privileges to explore for, drill for or take minerals, oil, natural gas or other related hydrocarbons. This summary does not apply to subscribers who are "financial institutions" within the meaning of the proposed mark-to market rules contained in the Tax Act.

This summary is of a general nature only and is not exhaustive of all Canadian federal income tax considerations. This summary is not intended to be, and should not be construed to be, legal or tax advice to any prospective subscriber. No representation is made with respect to the tax consequences to any particular subscriber. Accordingly, prospective subscribers should consult with their own tax advisors to determine the particular tax consequences to them having regard to their own particular circumstances.

Allocation of Purchase Price

No gain or loss will be realized by an investor upon the exercise or deemed exercise of a Special Warrant. For the purpose of the *Tax Act*, the purchase price must be allocated, on a reasonable basis, between the Common Share and the Warrant in order to determine their respective cost to the investor. Revenue Canada's administrative position is that the allocations made by the Corporation and the purchasers must be the same. The Corporation believes that it is reasonable to allocate $0.699 of the purchase price to the Share and $0.001 of the purchase price to the Warrant. However, this allocation is not binding upon Revenue Canada or the purchaser. The adjusted cost base of Shares and Warrants to a particular holder will be their respective average acquisition cost to such holder.

Warrants

No gain or loss will be realized by a holder of Warrants upon the exercise of such Warrants. When Warrants are exercised, the initial cost of the Common Shares acquired thereby will be the aggregate of the adjusted cost base of the Warrants and the exercise price paid for the Common Shares. If a holder of a Warrant otherwise disposes of the Warrant, a capital gain or loss will result with the same consequences as described above with respect to dispositions of Common Shares.

Qualified Investments

The Special Warrants, Shares and Warrants will be qualified investments, within the meaning of the Tax Act, for a trust governed by a registered retirement saving plan (an "RRSP"), a deferred profit sharing plan or a registered retirement income fund. Subscribers who contribute all or a portion of their Shares to an RRSP should consult their own tax advisors as to the tax consequences of such contribution.

PRINCIPAL HOLDERS OF SECURITIES

At the date hereof the only shareholders who own, or are known by the Corporation to own, of record or beneficially control or have direction over, either directly or indirectly, more than 10% of the issued and outstanding voting shares of the Corporation are as follows:

Name and Municipality of Residence	Designation of Class	Type of Ownership	No. of Shares	% of Class before issuance of Shares on exercise of Special Warrants	% of Class after issuance of Shares on exercise of Special Warrants
Allan J. Beaton Vancouver, B.C.	Common	Direct and Indirect	1,925,000	23.1%	20.9%
Bradley D. Jefferson Kampala, Uganda	Common	Direct and Indirect	1,875,000	22.5%	20.3%

The directors and officers as a group hold 3,835,000 of the issued and outstanding Shares and 41.6% of the issued and outstanding Shares after giving effect to the issue of the Shares on the exercise of the Special Warrants.

ESCROWED SECURITIES

Pursuant to an escrow agreement dated July 25, 1997 between the Corporation, Montreal Trust Company of Canada and Allan J. Beaton and Bradley D. Jefferson (the "Escrowed Shareholders"), the

Escrowed Shareholders deposited a total of 3,800,000 Shares into escrow, which will represent 41.2% of the issued and outstanding Shares after the issuance of the Shares on the exercise of the Special Warrants.

The Shares held in escrow will be released, upon the prior consent of the ASE, as to one Share for each $0.35 of deferred exploration expenditures spent by the Corporation on its property, subject to a maximum number of Shares which may be released from escrow in any year equal to one-third of the original number of Shares held in escrow.

The escrow agreement provides that the Shares held in escrow may not be traded, released, transferred, or dealt with in any manner without the consent of the ASE.

TRADING HISTORY

The Shares were listed on the ASE on September 24, 1997. The following table sets out the high and low prices and the volumes of trading of Shares as reported by the ASE for the periods indicated.

Period	Price Range High	Price Range Low	Trading Volume
1997			
September (24-30)	$ 1.25	$1.00	270,600
October	1.20	1.00	213,450
November	1.35	0.84	309, 100
December	0.91	0.75	48,217
1998			
January	0.85	0.60	109,100
February	0.85	0.60	83,000
March	0.85	0.65	73,400
April	1.15	0.68	109,940
May	1.15	0.71	231,122
June	0.85	0.65	59,900
July	.740	.490	30,200
August	.550	.400	16,000
September	.350	.350	25,000

DIVIDEND POLICY

The Corporation has not declared or paid any dividends since its incorporation and does not foresee the declaration or payment of dividends in the near future. Any decision to pay dividends on its Shares will be made by the board of directors on the basis of the Corporation's earnings, financial requirements and other conditions existing at such future time.

MATERIAL CONTRACTS

The only material contracts entered into by the Corporation or Nabisoga or on its behalf since incorporation and which are presently in effect, are as follows:

(a) an agreement dated February 17, 1996 between Bradley D. Jefferson, Sasirwe Jonny and Geo-Mineral Consult Limited see "Business of the Corporation";

(b) an agreement dated July 23, 1996 between Bradley D. Jefferson, the Corporation, S. Jonny and Geo-Mineral Consult Limited see "Business of the Corporation";

(c) an agreement dated July 23, 1996 between Kyakiddu Mining Company Limited and Nabisoga Mining Limited see "Business of the Corporation";

(d) the Share Purchase Agreement dated August 2, 1996 between the Corporation and Allan J. Beaton and Bradley D. Jefferson as amended, described under the heading "Business of the Corporation - The Purchase Agreement";

(e) an Escrow Agreement dated July 25, 1997 between Montreal Trust Company of Canada and Bradley D. Jefferson and Allan J. Beaton;

(f) the Agency Agreement dated April 27, 1998 between the Corporation and the Agent as described under "Plan of Distribution";

(g) the Special Warrant Indenture dated as of June 10, 1998 between the Montreal Trust Company and the Corporation; and

(h) the Warrant Indenture dated as of June 10, 1998 between the Montreal Trust Company and the Corporation.

(i) Joint Venture Agreement dated July 8, 1998 between Nabisoga Mining Limited and Gold Empire Ltd. See "Business of the Corporation - Other Uganda Properties".

Copies of these agreements may be inspected at the office of the Corporation at 475 Howe Street, Vancouver, B.C. and at the offices of Macleod Dixon, Suite 3700, 400 Third Avenue S.W., Calgary, Alberta during normal business hours during the course of distribution of the Special Warrants and for 30 days thereafter.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

None of the directors, officers or principal shareholders of the Corporation and no associate or affiliate of any of them, has any material interest in any transaction which materially affects the Corporation, except for Allan J. Beaton and Bradley D. Jefferson who owned all of the shares of Nabisoga, which the Corporation acquired pursuant to an agreement dated August 2, 1996. The sole asset of Nabisoga was the rights to an EPL covering the Kyakiddu Property. Mr. Jefferson is also the beneficial owner of the majority of the shares of private companies with which the Corporation has contracted its Uganda exploration drilling and excavation at regular commercial rates. See "Business of the Corporation".

Up to April 30, 1998 the Corporation advanced US$72,130 to East African Drilling Ltd. and US$73,812 to Shinda Inc., both companies in which Brad Jefferson holds shares and which acquired and shipped to Uganda a diamond drill and an excavator. These advances were characterized as prepaid exploration expenses to be charged against exploration work to be done on the Corporation's property at regular commercial rates. Both pieces of equipment have arrived at the site and these advances have been worked off. See Note 8 to the Consolidated Financial Statements.

The *Business Corporations Act* (Alberta) provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the *Business Corporations Act* (Alberta).

PROMOTERS

Allan J. Beaton and Bradley D. Jefferson are considered to be the promoters of the Corporation. Mr. Beaton and Mr. Jefferson have each received 1,875,000 Shares at $0.20 per Share in consideration of the sale of the shares of Nabisoga. As this was a non-arms length transaction, generally accepted accounting principles require that the Corporation record the value of the shares acquired at their historical cost of $13,800. They acquired the shares of Nabisoga in 1996 at an aggregate cost of approximately $13,800. They had also acquired the majority of the shares of the company from which Nabisoga acquired the rights to the Kyakiddu Property. This share position was acquired for Ushs 15,000,000 ($20,500) and certain other obligations. Mr. Beaton and Mr. Jefferson has also received options to purchase 100,000 Shares and 300,000 Shares respectively at $0.35 per share. See "Business of the Corporation", "Escrowed Shares", and "Interests of Management and Others in Material Transactions".

LEGAL MATTERS

Certain legal matters in connection with the offering of Special Warrants and the issue of Shares and Warrants upon exercise of the Special Warrants will be passed upon by Macleod Dixon, Calgary, on behalf of the Corporation, and by Campney & Murphy, Vancouver, on behalf of the Agent.

The secretary of the Corporation, who has been granted an option to purchase shares, is a partner of Macleod Dixon, which will receive compensation for legal services at regular commercial rates. Partners of Macleod Dixon own less than 1% of the outstanding Shares of the Corporation.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of the Corporation are PricewaterhouseCoopers, Chartered Accountants, whose address is 601 West Hastings Street, Vancouver, B.C, V6B 5A5.

The Montreal Trust Company of Canada, at its principal offices in Calgary, is the registrar and transfer agent for the Corporations Shares.

PURCHASER'S STATUTORY RIGHTS

Securities legislation in several of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus or any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the applicable province. The purchaser should refer to securities legislation in the province in which the purchaser resides for the particulars of these rights or consult with a legal advisor.

CONTRACTUAL RIGHTS OF ACTION

In the event that a holder of a Special Warrant, who acquires a Share or Warrant upon the exercise of a Special Warrant as provided for in this prospectus, is or becomes entitled under applicable securities legislation to the remedy of rescission by reason of this prospectus or any amendment hereto containing a misrepresentation, such holder shall, subject to available defenses and any limitation period under applicable securities legislation, be entitled to rescission not only of the holder's exercise of its Special Warrant but also of the private placement transaction pursuant to which the Special Warrant was initially acquired, and shall be entitled, in connection with such rescission, to a full refund of all consideration paid on the acquisition of the Special Warrant. In the event the holder is a permitted assignee of the interest of the original Special Warrant subscriber, that permitted assignees shall be entitled to exercise the rights of rescission and refund described herein as if the permitted assignee was the original subscriber. The foregoing is in addition to any other right or remedy available to the holder of the Special Warrant under Section 168 of the *Securities Act* (Alberta) and Section 131 of the *Securities Act* (British Columbia), equivalent provisions of other applicable securities legislation or otherwise at law.

July 30, 1998

REVIEW ENGAGEMENT REPORT

To the Directors of
Uganda Gold Mining Ltd.

We have reviewed the consolidated balance sheet of **Uganda Gold Mining Ltd.** as at April 30, 1998 and the consolidated statements of operations and deficit and changes in financial position for the six-month period then ended. Our review was made in accordance with generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these consolidated financial statements are not, in all material respects, in accordance with generally accepted accounting principles.

PricewaterhouseCoopers,
Chartered Accountants

AUDITORS' REPORT

March 11, 1998
(except as to Note 9(c) which is
as of October 6, 1998

To the Directors of
Uganda Gold Mining Ltd.

We have audited the consolidated balance sheet of Uganda Gold Mining Ltd. as at October 31, 1997 and 1996 and the consolidated statements of operations and deficit and changes in financial position for the year ended October 31, 1997 and the period from March 27, 1996 (date of incorporation) to October 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 1997 and 1996 and the results of its operations and the changes in its financial position for the year and period then ended in accordance with generally accepted accounting principles.

(signed)
“Price Waterhouse”

Price Waterhouse,
Chartered Accountants

UGANDA GOLD MINING LTD.
CONSOLIDATED BALANCE SHEETS
(expressed in U.S. dollars)

	April 30	October 31	
	1998	**1997**	**1996**
	(unaudited)		
Assets			
Current assets			
Cash	$107,928	$414,785	$67,073
Accounts receivable and deposits	4,166	8,082	834
Prepaid expenses	11,399	1,022	--
Prepaid exploration costs (Note 8)	73,812	--	--
	197,305	423,889	67,907
Mineral properties and deferred exploration costs (Notes 4 and 8)	486,614	265,493	94,269
Capital assets (Note 5)	36,712	29,073	710
	$720,631	$271,117	$423,889
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	$73,190	$34,672	$7,266
Due to related parties (Note 8)	8,530	11,963	3,834
	81,720	46,635	11,100
Shareholders' Equity			
Share capital (Note 6)	839,036	768,986	175,067
Deficit	(200,125)	(97,166)	(23,281)
	638,911	671,820	151,786
	$720,631	$718,455	$162,886

Subsequent events (Note 9)

Approved by the Board **"Allan Beaton"** **Director** **"Roger Nickel"**
Allan Beaton Roger Nickel

UGANDA GOLD MINING LTD.
CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT
(expressed in U.S. dollars)

	Six-month period ended April 30 1998	Year ended October 31 1997	Period from March 27, 1996 (date of incorporation) to October 31 1996
	(unaudited)		
Cost of operations			
Consulting fees (Note 8)	$29,669	$23,178	$8,955
Audit	18,500	16,140	--
Office and sundry	14,515	9,869	818
Legal	12,033	500	8,475
Promotion	9,249	916	1,828
Telephone and communications	5,793	6,543	--
Public company fees	5,056	--	471
Travel	4,366	2,633	--
Rent	4,004	5,448	--
Amortization	160	401	--
Accounting	--	5,215	3,627
Interest	--	3,618	--
Loss from operations	(103,375)	(74,461)	(24,174)
Other income - interest	416	576	893
Loss for period	(102,959)	(73,885)	(23,281)
Deficit, beginning of period	(97,166)	(23,281)	--
Deficit, end of period	$(200,125)	$(97,166)	$(23,281)
Loss per share	$(0.02)	$(0.01)	$(0.01)

UGANDA GOLD MINING LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION
(expressed in U.S. dollars)

	Six-month period ended April 30 1998	Year ended October 31 1997	Period from March 27, 1996 (date of incorporation) to October 31 1996
	(unaudited)		
Cash provided by (used for)			
Operations			
Loss for period	$(102,959)	$(73,885)	$(23,281)
Item not affecting cash - amortization	160	401	--
	(102,799)	(73,484)	(23,281)
Changes in non-cash working capital			
Accounts receivable, deposits and prepaid expenses	(6,461)	(8,270)	(834)
Prepaid exploration costs (Note 8)	(73,812)	--	--
Accounts payable and accrued liabilities	38,518	27,406	7,266
	(41,755)	19,136	6,432
	(144,554)	(54,348)	(16,849)
Investing activities			
Deferred exploration costs	(215,975)	(117,715)	(83,298)
Mineral property acquisition costs	--	(42,692)	(10,971)
Acquisition of capital assets	(12,945)	(39,581)	(710)
	(228,920)	(199,988)	(94,979)
Financing activities			
Due to related parties	(3,433)	8,129	3,834
Issuance of share capital (Note 6)			
For Cash net of share issue cost	70,050	549,807	165,067
For other consideration	--	44,112	10,000
	66,617	602,048	178,901
(Decrease) increase in cash	(306,857)	347,712	67,073
Cash, beginning of period	414,785	67,073	--
Cash, end of period	$107,928	$414,785	$67,073

UGANDA GOLD MINING LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 1998 (unaudited), October 31, 1997 and 1996
(expressed in U.S. dollars)

1. Nature of operations

Uganda Gold Mining Ltd. ("Uganda") was incorporated in the Province of Alberta, on March 27, 1996. Uganda and its subsidiary, Nabisoga Mining Ltd. ("Nabisoga") (Note 2) are engaged in the exploration for gold in the Nabisoga Valley area of southwestern Uganda, Africa.

The recoverability of amounts shown for mineral properties and the related deferred exploration costs is dependent upon the existence of sufficient economically recoverable reserves, the ability of Uganda to obtain financing for exploration and development, and future profitable production or future proceeds from property dispositions.

2. Summary of significant accounting policies

Principles of consolidation
The consolidated financial statements include the accounts of Uganda and its wholly-owned subsidiary Nabisoga.

Nabisoga was incorporated on May 31, 1996 in Kampala, Uganda. The authorized share capital of Nabisoga is comprised of 1,000 voting common shares.

All transactions and balances with Nabisoga have been eliminated on consolidation.

Mineral properties and deferred exploration costs
Mineral property costs include concession acquisition costs, and are recorded at cost and deferred until production commences or the property is sold or abandoned.

Exploration costs relating to mineral properties are deferred until the property is brought into production or the property is sold or abandoned. If production commences, these costs will be amortized using the unit-of-production method. The carrying values of properties are subject to review at each reporting period. When a property is determined by management to be non-commercial, non-productive, or its value impaired, the remaining unamortized costs are charged to operations in the year in which the determination is made.

Capital assets
Capital assets are stated at cost less amortization. Amortization is calculated on a declining-balance basis as follows:

Vehicles	30%
Equipment	20%

Translation of foreign currency
All amounts are reported in United States dollars. The Company records foreign currency transactions as follows:

- Revenue and expenses at average exchange rates for the period;

UGANDA GOLD MINING LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 1998 (unaudited), October 31, 1997 and 1996
(expressed in U.S. dollars)

- Monetary items at the rate of exchange prevailing at the balance sheet date;
- Non-monetary items at historical exchange rates; and
- Exchange gains and losses arising from translation are included in the statement of operations for the period or are included in deferred exploration costs.

Loss per share
Loss per share is determined using the weighted average number of common shares outstanding during the period. Fully diluted loss per share is not presented where anti-dilutive.

Use of estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and revenues and expenses for the periods reported. Actual results could differ from those estimated.

Financial instruments
Fair values of financial assets and liabilities closely approximate carrying values.

Income taxes
The Company accounts for income taxes using the deferral method.

3. Business combination

Prior to August 30, 1996, the Company and Nabisoga were under the control of a common group of shareholders and the issuance of shares by Uganda was effected to secure a reorganization of their ownership interests. The combination of the Company and Nabisoga has been accounted for using the purchase method applied to related party transactions. Accordingly, the assets, liabilities and shareholders' equity are recorded at the carrying values of the combining companies. The results of operations for the period are reflected on a combined basis. Net assets brought into the combination by each of the combining companies were as follows:

	Uganda Gold Mining Ltd.	Nabisoga Mining Ltd.	Total
Total assets	$59,480	$80,607	$140,087
Total liabilities	--	4,963	4,963
Net assets	$59,480	$75,644	$135,124

The revenue and net loss of each of the combining companies from March 27, 1996 to August 30, 1996 were as follows:

UGANDA GOLD MINING LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 1998 (unaudited), October 31, 1997 and 1996
(expressed in U.S. dollars)

	Uganda Gold Mining Ltd.	Nabisoga Mining Ltd.
Revenue	$ --	$ --
Net loss	$914	$5,995

4. Mineral properties and deferred exploration costs

	April 30	October 31	
	1998	**1997**	**1996**
	(unaudited)		
Kyakiddu property, Uganda			
Concession acquisition costs	$45,433	$45,433	$10,971
Deferred exploration costs			
Drilling (Note 8)	90,196	--	--
Wages	86,243	57,853	14,927
Accommodation and travel	70,490	51,136	26,739
Camp costs	75,293	42,580	14,038
Cartographic and survey	27,385	26,959	26,619
Amortization	15,963	10,817	--
Office and sundry	12,786	7,166	2,213
Consulting fees	11,865	6,908	--
Fuel	9,630	2,827	1,687
Vehicle	6,586	2,550	--
Samples	5,947	2,179	1,031
Foreign exchange	10,067	855	(3,956)
Management fees	10,500	--	--
	478,384	257,263	94,269
Kibale property, Uganda			--
Concession acquisition costs	8,230	8,230	
	$486,614	$265,493	$94,269

Exclusive Prospecting Licence
Tenures to explore for precious metals in Uganda are granted under the terms of an Exclusive Prospecting Licence ("EPL").

UGANDA GOLD MINING LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 1998 (unaudited), October 31, 1997 and 1996
(expressed in U.S. dollars)

An EPL is renewed annually subject to approval of the exploration program submitted to the Ugandan government and based on the level of Ugandan employment generated through exploration of the property.

When a significant body of mineralization is located, a mining lease of 21 years may be granted with an option to renew the lease for a further 15 years.

Kyakiddu property - Uganda
This property is held under EPL No. 4069 and covers 54.7 square kilometers in the Nabisoga Valley area of southwestern Uganda.

On July 23, 1996, the EPL was acquired by Nagisoga from Kyakiddu Mining Company Ltd. ("Kyakiddu"), a related company, for consideration of 1,000,000 Ugandan shillings (U.S. $971) (Note 8). Also on July 23, 1996, the Company entered into an agreement in which the former minority shareholder of Kyakiddu agreed to release one of the principal shareholders of the Company from an obligation to assign profits from mining the property in return for the issue of 136,322 common shares of the Company to the former participants in the profit sharing arrangement. This transaction was executed on September 24, 1997. The minority shareholder of the Kyakiddu property was also granted an option to acquire 30,000 common shares in the Company pursuant to this agreement.

The EPL was renewed in January 1998. It is valid until January 1999 when an application for renewal for a term of one year will be filed with the relevant authorities.

The Company pays a nominal annual fee to keep the EPL in good standing.

5. Capital assets

	Cost	Accumulated amortization	Net April 30 1998
		(unaudited)	
Vehicles	$31,596	$12,796	$18,800
Equipment	21,640	3,728	17,912
	$53,236	$16,524	$36,712

	Cost	Accumulated amortization	Net October 31 1997	1996
Vehicles	$31,596	$9,479	$22,117	$ --
Equipment	8,695	1,739	6,956	710

UGANDA GOLD MINING LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 1998 (unaudited), October 31, 1997 and 1996
(expressed in U.S. dollars)

		Net October 31	
Cost	**Accumulated amortization**	**1997**	**1996**
$40,291	$11,218	$29,073	$710

6. Share capital

	Number of Shares	Amount
Authorized		
Unlimited common shares without par value		
Unlimited preferred shares without par value		
Issued		
Balance, March 27, 1996 (date of incorporation)	--	$ --
Shares issued for acquisition of subsidiary (Note 8)	5,000,000	10,000
Shares issued for cash	1,500,000	165,067
Balance, October 31, 1996	6,500,000	175,067
Shares cancelled and returned to treasury	(1,250,000)	--
Shares issued for		
Cash		
Initial public offering	2,500,000	631,997
Share issue costs	--	(131,892)
Exercise of warrants	200,000	49,702
Settlement of debt	38,771	9,650
Kyakiddu Property (Note 4)	136,322	34,462
Corporate finance fee	42,857	--
	2,917,950	593,919
Balance, October 31, 1997	8,167,950	768,986
Shares issued for cash	140,000	70,050
Balance, April 30, 1998 (unaudited)	8,307,950	$839,036

UGANDA GOLD MINING LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 1998 (unaudited), October 31, 1997 and 1996
(expressed in U.S. dollars)

Warrants	**Number of warrants**	**Price per share**	**Expiry date**
		(Cdn.)	
Balance, October 31, 1996			
Issued during the year	--	$ --	--
Series A	200,000	$ 0.35	1998
Series B	200,000	$ 0.70	1999
Exercised during the year	(200,000)	$ 0.35	1998
Balance, October 31, 1997	200,000	$ 0.70	1999
Issued during the period	140,000	$ 0.90	1999
Balance, April 30, 1998 (unaudited)	340,000	$0.70 - 0.90	1999

Options	**Number of options**	**Price per share**	**Expiry date**
		(Cdn.)	
Balance, October 31, 1996			
Issued during the year			
To Directors, officers, and employees	725,000	$0.35 - $0.65	2001 - 2002
To third parties	50,000	$ 0.65	2001
Balance, October 31, 1997	775,000	$0.35 - $0.65	2001 - 2002
Issued during the period	100,000	$0.58 - $0.84	2003
Cancelled	(90,000)	$0.35 - $0.84	2001
Balance, April 30, 1998 (unaudited)	785,000	$0.35 - $0.84	2001 - 2003

On May 15, 1997, a total of 1,250,000 common shares owned by the founders of the Company were cancelled and returned to treasury. This reduced the number of shares issued as consideration for the outstanding capital of Nabisoga (Note 8) to 3,750,000 shares.

UGANDA GOLD MINING LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 1998 (unaudited), October 31, 1997 and 1996
(expressed in U.S. dollars)

On August 19, 1997, the Company filed a prospectus for an initial public offering of 2,500,000 common shares at a price of $0.26 (Cdn. $0.35) per share to raise gross proceeds of $631,997 (Cdn. $875,000) before agent's fees of ($48,664 and other expenses of $83,228. Pursuant to this initial public offering, 200,000 Series A warrants and 200,000 Series B warrants were issued to the agent. Each Series A warrant was exercised for one common share at a price of Cdn. $0.35 during the year ended October 31, 1997. Each Series B warrant is exercisable for one common share at a price of $0.48 (Cdn. $0.70) within two years of the Company listing on the ASE. The Agent also received 42,857 common shares upon closing of the initial public offering as a corporate finance fee.

On April 15, 1998, the Company completed a private placement of 140,000 Units at $0.50 (Cdn. $0.71) per Unit. Each Unit consists of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share of the Company at $0.62 (Cdn. $0.90) per share until March 12, 1999.

The Company has 3,800,000 shares held in escrow which will be released on the basis of one share for each $0.25 (Cdn. $0.35) of deferred exploration expenditures incurred on the Company's properties, subject to the requirements of the ASE.

7. Income taxes

Uganda has non-capital losses available for carry forward to future years of approximately $107,000 (1996 - $2,700) in Canada which expire in the period 2003 - 2004 and approximately $65,000 in Uganda which have no expiration period.

8. Related party transactions

	April 30	October 31	
	1988	1997	1996
	(unaudited)		
Due to related parties			
Director	$8,530	$11,963	$3,834

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(expressed in U.S. dollars)

Related party transactions
The following related party transactions were undertaken during the six-month period ended April 30, 1998, the year ended October 31, 1997 and the period from March 27, 1996 to October 31, 1996.

	Amount			
Description of transaction	**April 30 1998**	**October 31 1997**	**1996**	**Financial statement category**
	(unaudited)			
Cash transactions - recorded at exchange amount				
Consulting fees charged by directors	$29,699	$23,178	$ 8,955	Consulting fees
Consulting fees charged by directors	$10,500	$ -	$ -	Mineral properties and deferred exploration costs
Payment for Kyakiddu property licence (Note 4)	$ -	$ -	$ 971	Mineral properties and deferred exploration costs
Drilling expenses paid to East African Drilling Ltd.	$72,130	$ -	$ -	Mineral properties and deferred exploration costs
Prepaid exploration expenses paid to a director	$73,812	$ -	$ -	Prepaid exploration costs
Non-cash transaction - recorded at carrying amount				
Issue of 5,000,000 (subsequently reduced to 3,750,000 (Note 6)) common shares to principals for 400 common shares of Nabisoga	$ -	$ -	$10,000	Share capital
Acquisition of Kyakiddu property (Note 4)	$ -	$ -	$10,000	Mineral properties and deferred exploration costs

Directors have made advances to the Company by fund prospecting, exploration and operations. These advances do not bear interest and have no stated terms of repayment.

Kyakiddu is related to Uganda (the companies are under common control) and has completed transactions with Uganda during the period from March 27, 1996 to October 31, 1996 and year ended October 31, 1997.

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The Company leases equipment from East African Drilling Co. Ltd. A Director owns a 51% interest in East African Drilling Co. Ltd.

The Company pays consulting fees to Shinda Inc., which is wholly-owned by a Director of the Company.

9. Subsequent events

(a) Private Placement of Special Warrants

On June 10, 1998, the Company completed a private placement of 895,000 Special Warrants at a price of $0.48 (Cdn. $0.70) which raised a net amount of $380,883 (Cdn. $555,708) net of expenses of $48,521 (Cdn. $70,792). The Company received 50% of the proceeds, net of expenses, of $166,181 (Cdn. $242,458). The balance of $214,702 (Cdn. $313,250) is held in escrow and shall be released to the Company upon the receipt for a final prospectus being issued in each of the Filing Provinces. The Agent received an aggregate fee of Cdn. $62,650 and a Special Warrant, exercisable for no additional consideration into an option. This option is exercisable for a period of one year after the exercise of the Special Warrant and will entitle the Agent to purchase 89,500 units at a price of Cdn. $0.70 per unit, subject to adjustment in certain circumstances. Each unit consists of one common share of the Company and one common share purchase warrant exercisable into one common share of the Company at a price of Cdn. $0.90 per share up to December 31, 1999, and is subject to a 10% increase in certain circumstances.

(b) Uganda-Gold Empire Contract

On July 8, 1998, Nabisoga entered into an agreement with Gold Empire Ltd. ("Empire"), a private company incorporated under the laws of Uganda. Empire holds certain EPLs granted by the Ugandan government. Under the terms of the agreement, the Company is required to prospect, explore and develop certain mineral concessions and provide 50,000 common shares in return for an 80% interest in Empire's EPLs. This transaction is subject to the regulatory approval.

(c) Preliminary Prospectus

On July 31, 1998, the Company filed a Preliminary Prospectus with the British Columbia and Alberta Securities Commissions in connection with the offering of 895,000 common shares and 895,000 warrants issuable upon the exercise of 895,000 previously issued Special Warrants. Each Warrant entitles the holder to acquire one unit, at no additional cost, comprised of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase (subject to adjustment) one common share for $0.62 (Cdn. $0.90) until December 10, 1999. If a receipt for the final prospectus is not received on or before October 8, 1998 each holder of Special Warrants may either require the Company to repurchase up to 50% of their Special Warrants and receive their pro rata share of the escrowed funds, or alternatively, the holder may receive 1.1 common shares and 1.1 common share purchase warrants upon exercise of their Special Warrants.

CERTIFICATE OF UGANDA GOLD MINING LTD. AND PROMOTERS

Dated: October 6, 1998

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part 7 of the *Securities Act* (British Columbia) and by Part 8 of the *Securities Act* (Alberta) and the respective regulations thereunder.

(Signed) "Allan J. Beaton"
President, CEO and CFO

On behalf of the Directors:

(Signed) "Bradley D. Jefferson" Director	(Signed) "Roger Nickel" Director

On behalf of the Promoters:

(Signed) "Allan J. Beaton"	(Signed) "Bradley D. Jefferson"

CERTIFICATE OF THE AGENT

Dated: October 6, 1998

To the best of our knowledge, information and belief, the foregoing, with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part 7 of the *Securities Act* (British Columbia) and by Part 8 of the *Securities Act* (Alberta) and the respective regulations thereunder.

WHALEN BÉLIVEAU & ASSOCIATES INC.

Per: (signed) "Yves Ruest", Director & CFO

The only person or companies having an interest directly or indirectly to the extent of not less than 5% in the capital of Whalen Béliveau & Associates Inc. are Julien Béliveau (36%), William Whalen (28%) and United Services Advisors Canada Inc. (30%) and they hold their interest indirectly through Whalen, Béliveau Financial Group Inc.