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Golden Universe Property

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 permitted to sell such securities. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

PROSPECTUS:

DATED: April 25, 1989
EFFECTIVE DATE: May 4, 1989

Rec'd - July 6/89

PROPERTY FILE



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Precious Metals Inc. (the "Company")
(Incorporated under the laws of British Columbia)
256 - 409 Granville Street
Vancouver, B.C. V6C 1T2

PUBLIC OFFERING: 700,000 COMMON SHARES
PRICE: \$0.50 PER SHARE

New Issue

	Price to Public ⁽¹⁾	Commission ⁽²⁾	Net Proceeds to be Received by the Company ⁽³⁾
Per Share	\$0.50	\$0.075	\$0.425
Total	\$350,000	\$52,500	\$297,500

- (1) The price of the shares has been determined by negotiation with the Agents.
- (2) In addition the Agents have been granted Agents' Warrants. See "Share Offering and Plan of Distribution".
- (3) Before deduction of legal, audit, printing and other expenses payable by the Company in connection with this Prospectus, estimated not to exceed \$25,000.

THERE IS NO MARKET THROUGH WHICH THESE SECURITIES MAY BE SOLD. A PURCHASE OF THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE REGARDED AS SPECULATIVE. SEE PAGE 24, "RISK FACTORS".

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED PURSUANT TO THIS PROSPECTUS. LISTING IS SUBJECT TO THE COMPANY FULFILLING ALL THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE OCTOBER 31, 1989, INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL REQUIREMENTS.

NO PERSON IS AUTHORIZED BY THE COMPANY TO PROVIDE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE ISSUE AND SALE OF THE SECURITIES OFFERED BY THE COMPANY.

WHEN ALL OF THE SHARES OFFERED BY THIS PROSPECTUS ARE SOLD TO THE PUBLIC, THE ISSUE WILL REPRESENT 31.8% OF THE SHARES THEN OUTSTANDING AS COMPARED TO 45.5% THAT WILL THEN BE OWNED BY THE PROMOTERS, DIRECTORS, SENIOR OFFICERS AND SUBSTANTIAL SECURITY HOLDERS OF THE COMPANY OR BY UNDERWRITERS AS DEFINED IN LOCAL POLICY 3 - 30 OF THE SUPERINTENDENT OF BROKERS, AND WHICH WERE ISSUED FOR CASH. AT THAT TIME, SUCH UNDERWRITERS WILL OWN 0.45% OF THE SHARES OUTSTANDING AS MORE PARTICULARLY DESCRIBED UNDER THE HEADING "OTHER MATERIAL FACTS."

(ii)

THE OFFERING PRICE OF \$0.50 PER SHARE FOR THE 700,000 SHARES OFFERED UNDER THIS PROSPECTUS EXCEEDS THE NET TANGIBLE BOOK VALUE PER COMMON SHARE BY \$0.3322 AFTER GIVING EFFECT TO THE OFFERING HEREUNDER, REPRESENTING AN IMMEDIATE DILUTION OF 66.44% FOR THE SUBSCRIBERS TO THIS OFFERING. SEE "RISK FACTORS", ON PAGE 24.

THE DIRECTORS OF THE COMPANY HAVE AN INTEREST, DIRECT OR INDIRECT, IN OTHER NATURAL RESOURCE COMPANIES. REFERENCE IS MADE TO "DIRECTORS AND OFFICERS" ON PAGE 22 FOR A COMMENT AS TO THE RESOLUTION OF POSSIBLE CONFLICTS OF INTEREST.

ADDITIONAL OFFERING

THIS PROSPECTUS ALSO QUALIFIES THE ISSUANCE OF THE AGENTS' WARRANTS AND THE SALE AT THE MARKET PRICE AT THE TIME OF SALE OF ANY SHARES WHICH THE AGENTS MAY ACQUIRE PURSUANT TO THEIR GUARANTEE. THE AGENTS MAY SELL ANY SHARES ACQUIRED ON THE EXERCISE OF THE AGENTS' WARRANTS PURSUANT TO THE SECURITIES ACT AND ITS REGULATIONS WITHOUT FURTHER QUALIFICATION. THE AGENTS WILL RECEIVE THE PROCEEDS FROM THE SALE OF SUCH SHARES AND NONE OF THESE PROCEEDS SHALL ACCRUE TO THE COMPANY.

WE, AS AGENTS, CONDITIONALLY OFFER THESE SECURITIES SUBJECT TO PRIOR SALE, IF, AS AND WHEN ISSUED BY THE COMPANY AND ACCEPTED BY US IN ACCORDANCE WITH THE CONDITIONS CONTAINED IN THE AGENCY AGREEMENT REFERRED TO UNDER "SHARE OFFERING AND PLAN OF DISTRIBUTION" ON PAGE 2 OF THIS PROSPECTUS.

Name and Address of Agents

PACIFIC INTERNATIONAL SECURITIES INC.
1500 - 700 West Georgia Street
Vancouver, British Columbia
V7Y 1G1

CONTINENTAL SECURITIES
10th Floor, 1055 Dunsmuir Street
Vancouver, British Columbia
V7X 1L4

GEORGIA PACIFIC SECURITIES CORPORATION
1600 - 555 Burrard Street
2 Bentall Centre
Vancouver, British Columbia
V7X 1S6

EFFECTIVE DATE: May 4, 1989.

development work instead of Mining Operations, then Rainbow's interest in the Property shall be reinstated and it shall have the right to participate in Mining Operations in the same manner as if the initial notice from the Company had not been sent.

8. Proposed Exploration by the Company

In his report dated April 14, 1988, as amended October 4, 1988, R.A. Bernatchez, P. Eng., recommends that the Company conduct an exploration program on the Rainbow Island Property consisting of linecutting, diamond drilling, geological mapping, sampling and assaying to be carried out in two phases; the first phase to cost \$10,300 and the second phase to cost \$89,600. The Company intends to conduct both phases of the recommended exploration program with the proceeds from this Offering. The Company will also pay an option payments of \$41,000 due May 15, 1989 and \$50,000 due June 1, 1989 to George Vanderploeg for the Rainbow Island Mining Lease out of the proceeds of this Offering.

THE RAINBOW ISLAND PROPERTY IS WITHOUT A KNOWN BODY OF ORE AND THE PROPOSED PROGRAM IS AN EXPLORATORY SEARCH FOR ORE.

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B. GOLDEN UNIVERSE PROPERTY

1. Description

The Golden Universe Mineral Property (the "Property") is located 17 kilometres north of Haney, British Columbia on the southern slopes of and south of Mt. Crickmer. Haney is 50 kilometres east of Vancouver adjacent to the north of the Fraser River. The Property covers the southeasterly flowing Kearsley Creek and the headwaters of 79 Creek.

Access to the Property is north from the Dewdney Trunk Road via secondary logging roads. Logging roads provide access to most areas of the Property.

The Property consists of two contiguous claim blocks of 19 units and 15 units each, as well as four

(c) The Mining Operations shall terminate two years after receipt of the written notice from the Company.

Within 90 days of receipt of the written notice from the Company of its intention to commence Mining Operations, Rainbow shall decide whether or not it wishes to participate in the Mining Operations. If Rainbow elects to proceed with Mining Operations then the operation shall be conducted in accordance with the terms of the Operating Agreement. Rainbow shall be the Operator of the mine but, by the definition of Mining Operations, shall have two years from the date of receipt of notice from the Company to complete its Mining Operations and thereafter its right to participate shall terminate and all mineral interests in the Property shall be owned solely by the Company.

Each party shall be entitled to a 50% interest in the net smelter returns received from production of the Property. During Mining Operations, the Company shall reimburse Rainbow for its construction costs incurred up to an amount which is the lesser of one-half of the construction costs and \$150 per foot for haulageways constructed to a maximum of 1,500 feet. The Company shall also reimburse Rainbow for its operating costs incurred up to an amount which is the lesser of one-half of the operating costs and \$72.50 per tonne of ore removed. In addition, the amounts of construction and operating costs reimbursed by the Company to Rainbow shall not be in excess of the Company's 50% interest in net smelter returns.

The Company shall have a right to set off against any construction and operating costs it is required to pay with regard to Mining Operations, one half of the option payments to be paid to George Vanderploeg pursuant to the agreement by which the Company acquired its interest in the Property, as well as one half of the royalty payments paid by the Company to Vanderploeg.

If Rainbow elects not to participate in Mining Operations upon receipt of its notice from the Company, it shall be entitled to receive a net smelter interest of 1% to a maximum of \$250,000.

If the Company provides notice to Rainbow that it is about to commence Mining Operations, Rainbow elects not to participate in Mining Operations, and subsequently the Company conducts additional exploration and

additional contiguous two-post claims located 500 metres west of the main claim group.

2. Particulars of Acquisition

By Agreement of Purchase of Sale dated February 26, 1988, as amended by Agreement dated March 10, 1989, between Rudy Mitterer and Jost Burri, both of whom are directors of the Company, as Vendors, and the Company as Purchaser, the Company acquired the Property for the sum of \$20,000 and a 12% net profits interest royalty to the Vendors in the event that the Purchaser or its successor commences commercial production on the Property. The \$20,000 payment represented reimbursement to the Vendors of costs they had incurred in acquiring the Property and conducting exploration and development work thereon.

3. History and Previous Work

In 1938, free gold was mined on "79 hill" near the headwaters of 79 Creek between Alouette Lake and Stave Lake and in the general location of the Property. Prior to the ceasing of operations in 1939, some high-grade gold shipments were made from the 79 Mine.

In 1981, the area of four of the mineral claims comprising the Property was held by Goldview Mining Corporation and was explored for gold.

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In 1981, Skyrocket Explorations and Resources Inc. held a large claim area between Alouette and Stave Lakes covering most of the Property. In 1981, Skyrocket completed a geochemical and geophysical survey over the area, the results of which were reported as not definitive in outlining a high-priority drill target. Spotty anomalous geochemical gold values were revealed.

In 1983, Skyrocket completed a diamond drill hole on a major shear structure through the Property which returned up to .054 oz Au/ton over "33.5 feet" which reportedly "suggested that the zone held potential for the development of a large tonnage low-grade gold deposit". (The quoted passages are based upon news releases issued by Skyrocket).

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In a follow-up 1984 exploration program, detailed sampling of the adit showings was completed in

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addition to additional surface sampling and percussion drilling in and around Kearsley Creek. This work was done predominantly on a claim which is enveloped on three sides by the Property but such work was not conducted on the Property itself. The conclusion upon completion of the exploration program was that rather than potential low-grade gold values, individual narrow high-grade gold concentrations could be possible at the loci of mineralized cross-structures.

In addition, in April 1987, a test line IP survey was completed across Kearsley Creek on one of the mineral claims comprising the Property. From a background of 4 to 6% PFE, an anomalous value of 9.2% was obtained at a depth of 50 metres along the steep southwestern bank of the Kearsley Creek Valley.

4. Mineralization

The geology of the area between Stave and Alouette Lakes including the area of the Property is mostly underlain by medium-grained quartz diorite of the Coast Plutonic rocks with scattered inliers of sedimentary rocks.

Throughout the area are numerous cappings of Mesozoic to Cenozoic sedimentary rocks, the majority of which are probably roof pendants. The litologies range from sandstone, shale and/or conglomerate with minor tuffs.

A northeasterly-trending shear zone, reportedly 2500 metres long and 100 metres wide, trending along the western border of one of the claims comprising the Property, reportedly contains massive veins of gray-blue quartz and significant gold values.

On the mineral claim to the northwest of the Property narrow quartz poor shears or fractures striking between 135° and 160° contained reported values from .02 oz Au/ton to 1.60 oz Au/ton.

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The foregoing is a summary of the geological evaluation report prepared for the Company by Laurence Sookochoff, P. Eng., consulting geologist, dated January 23, 1988, a copy of which is appended to and forms a part of this Prospectus.