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CLIENT FEE AGREEMENT

BETWEEN: LUCKY CHANCE MINING CORPORATION (CLIENT)
5322 North 59th Avenue, #G, Glendale, Ariz. 85301

and CHARLES R. WARD CORPORATION of 4728 North 21st Avenue, Phoenix,
Arizona, 85015 (CONSULTANT)

Client authorizes and directs Consultant, as an independent contractor, to take appropriate action to initiate conferences, assist in analyzing and evaluating alternate opportunities, and to employ the full resources of the C. R. WARD CORPORATION on the following assignment:

JICARILLO PLACER, Terms: \$175,000.00 for a 50% interest in total mine for completion of exploration work.

If the Client reaches an agreement with any company or individual with who the C. R. WARD CORPORATION has, or has had negotiations relative to its sale and if such agreement results in a consideration (loan, payment, promise or work performed) being exchanged between them, Client agrees to pay Consultant according to the agreement of TWENTY FIVE THOUSAND DOLLARS (\$25,000.00).

Payment is due Consultant at the time of final settlement, or closing if earlier, calculated on the total value of the transaction of ONE HUNDRED SEVENTY FIVE THOUSAND DOLLARS (\$175,000.00).

This agreement shall remain in effect for _____ days from this date and thereafter until 30 days from the date the WARD CORPORATION receives written Notice of Termination. Client's obligation to Consultant resulting from contracts and negotiations initiated during the term of this agreement shall survive this agreement.

It is further agreed that any other assignments of other properties other than the Jacarillo Placer will hold to this agreement with the exception of the payment which shall be: Client agrees to pay consultant according to the agreement of ten percent (10%) of the total amount exchanged between them.

C. R. WARD CORPORATION

LUCKYCHANCE MINING CORPORATION

BY: _____

BY: _____

DATE: _____

DATE: _____

5 December 1974

Mr. Lloyd Frost
Lucky Chance Mining Company
5322 North 59th Avenue
Suite G
Glendale, Arizona 85301

Dear Lloyd:

As I have stated before, our clients are still interested in the following properties:

BANNIE
UTE-ULE
CALAHAN

Pertaining to our telephone conversation, December 1, 1974, has past thus allowing you to make available preliminary information.

If possible, please furnish the following for the three properties listed above:

Sell-out price
Terms
Conditions

Very truly yours,

Douglas K. Martin
Vice President

DKM/dm

The possessory rights which represent title under any valid unpatented mining claim do not arise out of any instrument or grant by the United States, or out of any action by any officer or agency of the state or federal government. Rather, the possessory title arises as a matter of law out of the performance by the locators (as to lands subject to location under the mining laws) of certain acts of location in compliance with the requirements of federal and state mining laws. Such possessory title, when validly initiated, endures unless lost through abandonment or through a forfeiture which results from an adverse location made while the prior location is in default in respect to the performance of annual assessment work.

The possessory title is maintained against subsequent locators by the annual performance of \$100 of labor or improvements on or for the benefit of each unpatented mining claim. In connection with the unpatented mining claims of the Company covered under the agreements to purchase, the annual required assessment work on all of the unpatented mining claims is \$3,400. All required assessment work has been performed to date. Although title under a valid unpatented mining claim is not legal title in the usual sense of the term, possessory title has been recognized by the Supreme Court of the United States as property in the highest sense of that term. Only when a mining claim is patented, is there any affirmative government grant under which legal title vests in the usual concept of real property ownership.

The validity of unpatented mining claims is, in effect, a question of fact which cannot be conclusively determined by an inspection of public records. For this reason, title opinions or title insurance cannot be obtained. Although an opinion that the Location Notices in connection with the claims have been properly recorded can be obtained, management of the Company considers this unnecessary since it has been able to determine this itself. To the best of the knowledge of management of the Company, the unpatented mining claims which the Company proposes to purchase are valid claims; however, it should be recognized that there is some degree of uncertainty with respect to the validity of any unpatented claims. If the Location Notices are accurate and are properly recorded, the only practical risk is that someone may record over the claims and contest them. It then becomes a question of fact as to whether or not the required assessment work has been performed by or on behalf of the owner whose claims are contested. Again, it is the position of the Company that all required assessment work has been performed to date.

Other Business of the Company

The Company, on a small-scale basis at the present time, intends to deal with other mining properties as an intermediary between the owners of mining claims and major mining companies. As such an intermediary, the Company will prepare presentations on mining properties and will submit them to the major mining companies in an attempt to interest the major mining companies in exploring and, if warranted, developing the properties. The Company will usually become an owner of an undivided interest in the mining properties of between 10% and 50% and will share in the income and expenses in that percentage. Any mining property must contain substantial bodies of commercial ore before it will have any real value. This business activity will not interfere with the proposed exploration programs and will not require use of any funds received from the sale of shares offered herein (see "Use of Proceeds"). On this basis, it is not anticipated that this activity will have any significant favorable or unfavorable effect on the Company at the present time. If the Company is successful in this area, it intends to expand its business activities in this area and devote additional management time and attention. Also, the Company does not have any present properties in this area of business activity, and there cannot be any assurances that there will be any properties in the future or the necessary working capital.

Other than the transactions between Lloyd Frost and Associates, Lloyd G. Frost & Associates - Transcendent Mine, and the Company, and the employment and retention of the officers and directors as employees and consulting geologist, the Company does not do business with any affiliates of the Company.

Subcontractors

A substantial part of the proposed exploratory work will be carried out by independent contractors for the Company. Several of such independent contracting firms are doing business throughout the Southwest. The Company does not anticipate encountering any difficulty in obtaining the services of such contractors to perform exploratory work for it. Work of this type is contracted on a "bid basis", and the Company's management, being experienced in the field, is familiar with the rates normally charged for such work.

Facilities and Equipment

Under an Agreement between Lloyd Frost and Associates and the Company, Lloyd Frost and Associates is required, among other things, to obtain, furnish, equip and maintain offices for the Company. If the shares being offered herein are sold, the Company will, on November 1, 1974, assume the benefits and obligations from Lloyd Frost and Associates in connection with the lease of the offices and purchase of the furnishings and office equipment. The lease payments will commence as of November 1, 1974, and the office equipment will be purchased at the same price paid by Lloyd Frost and Associates (see "Transactions with Management and Others"). The offices occupy approximately 630 square feet in a building located at 5322 North 59th Avenue, Glendale, Arizona, which is being leased on a year-to-year basis for \$275.00 per month. The Company believes that its facilities and equipment are adequate for their present intended use.

Employees

The Company presently has three employees. One, Mr. Lloyd G. Frost, President of the Company, is engaged in field operations. Another, Mr. John A. Frost, Secretary-Treasurer of the Company, is engaged in administrative duties; and the other, Mrs. Lloyd G. Frost, is engaged in secretarial duties. The employment of these individuals will commence on November 1, 1974, and they will devote their full time and attention to the business of the Company. It is the opinion of the Company that it has sufficient employees for the present intended business of the Company. The employees are non-union, and the Company considers its relationship with its employees to be satisfactory. It does not anticipate that any additional employees will be hired in the near future.

ENVIRONMENTAL MATTERS AND REGULATIONS

As with other forest industries, the activities of the Company are regulated by various federal, state and county agencies, including the Forest Service, an agency of the United States Department of Agriculture, and the Environmental Protection Agency, an agency of the United States Department of the Interior. Although the environmental regulations could adversely affect the exploration programs and any additional exploration programs or mining and milling operations, the Company has investigated this question and is of the opinion that the applicable regulations will not prevent the present programs or any future programs from being completed. The Company, however, cannot predict what additional environmental regulations will be promulgated in the future.

USE OF PROCEEDS

The Company proposes to use the proceeds from the offering as follows:

1. Underwriting Commissions (1)	\$ 36,000
2. Administrative, office and travel expenses for one year (2)	67,200
3. Consulting Geologists (2)	15,000
4. For Transcendent	
A. Surface and Underground Mapping	\$ 4,500
B. Trenching and Sampling	4,500
C. Rehabilitation of Underground Workings	3,000
D. Extend Drift 200 feet at \$60 per foot	12,000
E. Two Drill Stations including timbering	8,000
F. Diamond Drilling (3,555 feet at \$17 per foot) ..	60,435
G. Assaying	3,375
H. Purchase of Claims for one year (3)	16,200
I. Road Rehabilitation	3,000
J. Surface Drillsite Preparation	<u>3,000</u>
	118,010
5. For Bannie	
A. Surface Mapping	\$ 2,250
B. Trenching and Sampling	4,500
C. Diamond Drilling (1,000 feet at \$17 per foot) ..	17,000
D. Assaying	1,875
E. Purchase of Claims for one year (3)	9,600
F. Road Rehabilitation	500
G. Surface Drillsite Preparation	<u>1,500</u>
	37,225
6. Uncommitted Funds (4)	<u>26,575</u>
	<u>\$300,000</u>

- (1) With the exception of the underwriting commission, the Company has paid or will pay the other expenses in connection with the offering out of the Company's working capital. These expenses are estimated at approximately \$25,000 and include \$10,000 for attorney's fees, \$5,000 for unaccountable expenses to the Underwriter, with the balance being for printing, filing fees, travel and miscellaneous expenses (see "The Underwriting").
- (2) The following is a breakdown of the administrative, office and travel expenses for one year:

	Per Month	Per Year
Salaries	\$2,400.00	\$28,000.00
Vehicle lease or rental, service and maintenance	650.00	7,800.00
Insurance	200.00	2,400.00
Accounting and legal	1,000.00	12,000.00
Office rent and supplies	350.00	4,200.00
Telephone	200.00	\$ 2,400.00
Travel	600.00	7,200.00
Miscellaneous	<u>200.00</u>	<u>2,400.00</u>
Totals	\$5,600.00	\$67,200.00

(d) Purchase Provisions. In June of 1974, Lloyd Frost and Associates, acting on behalf of a partnership comprised of five individuals operating under the name of "Lloyd G. Frost & Associates - Transcendent Mine", entered into separate agreements to purchase the Transcendent and Bannie mining claims from W.L. Petersen and Rauha Petersen, his wife, and Ike W. Kusisto. These agreements were executed following preliminary investigation indicating that the claims could be of exploratory interest. In July of 1974, the Company was formed by the five partners of Lloyd G. Frost & Associates - Transcendent Mine, who received 1,500,000 shares of stock for the assignment to the Company of the agreements between the partnership and the owners of the Transcendent and Bannie properties.

The purchase price for the Bannie property is \$300,000, payable without interest in \$300 monthly payments commencing June 1, 1974, or 6% of net smelter returns, whichever is greater. An additional sum of \$6,000 must be paid on or before December 1, 1974, as a deferred down payment. If and when the full purchase price has been paid, the claims shall be conveyed to the Company by quit claim deed. All required payments have been paid to date.

The purchase price has been arbitrarily established and does not bear any relationship to known value. It is the opinion of management of the Company that the property is not subject to appraisal since it is not being purchased as real estate and an adequate exploration program has not been conducted on the property to determine its value. For this reason, no appraisal was made of the property. The agreement to purchase the property is in effect an option, since the Company can forfeit and abandon the property without any further liability to the Company. If it does, however, the Company will lose all purchase payments made to date. The purchase payments for the property for one year commencing November 1, 1974 and ending October 31, 1975 total \$9,600.00. If the Company cannot pay the purchase price, it will forfeit the property. If the exploration program is unsuccessful on the property, the property will be abandoned and forfeited. Again, any forfeiture will be without further liability to the Company.

The Company must perform all required assessment work in connection with the claims, which claims are unpatented (see "Titles"). The Company may terminate the agreement upon thirty days' notice, and in the event the sellers claim nonconformance with any provisions of the agreement, the Company has sixty days in which to correct such condition after receipt of written notice. In the event the agreement is terminated by the Company, the Company has thirty days to remove all equipment of the Company located on said claims, subject to all workings being left in reasonably good order.

Lloyd Frost and Associates has agreed to satisfy all its obligations under the agreement to purchase the property for the benefit of the Company through October 1974. This, however, will not include any assessment work which must be performed before August 31, 1975 (see "Transactions with Management and Others" and "Titles").

Titles

The Company believes that the unpatented mining claims that it has acquired have been located in compliance with the mining laws of the Federal Government and of the State of Arizona. The Company is not aware of any conflicts of the claims with other claims. The Company has not obtained title opinions or title insurance with respect to the claims.

Although a small amount of random surface sampling on the property by the consulting geologist revealed the existence of gold, silver and copper mineralization, generally of low grade, and sampling of the old mine dumps disclosed a similar mineralization, such sampling was not adequate to give any information as to what mineralization is present in the unmined portion of the property. The work did suggest targets for further exploration, which the Company proposes to accomplish.

(c) Proposed Exploration. Normally, exploratory work is performed in stages with the performance of each stage being dependent upon the result of the previous stage or stages. Regardless of results of any stage, the Company intends to complete the entire exploration program and expend the funds committed to it. Any further exploration will depend upon the results of the present program and available capital, if any.

The Company has retained the services of a geologist, Sherman D. Gardner, who is an officer, director and shareholder of the Company, to act as its consultant in the planning, direction and supervision of the exploration of the claims of the Company. The Company also intends to retain the services of other geologists to assist Mr. Gardner but has not selected any at this time.

The proposed exploration program is designed to determine the accuracy of old, unverified reports regarding the existence and location of the four veins and the existence of mineralization, and to determine if further exploration is warranted. Assuming that the necessary drill rigs and personnel are available, the proposed exploration should take approximately three months. Also, the programs for the two claim groups (Transcendent and Bannie) will be conducted simultaneously.

The Company proposes to conduct a ground survey to establish the precise location and limits of its property and to determine any significant geologic features.

The Company will also cut trenches, of varying length and depth, at 50-foot intervals and sample along the entire length of the four reported vein structures to determine the continuity of the structures and the extent of mineralization.

The Company proposes to drill two holes from the surface to a depth of 300 feet below the surface for one hole and 500 feet below the surface for the other hole in an attempt to intersect the four reported vein structures. The exact location and angle of the holes will be established after the ground survey and trenching. It is estimated that the length of the holes will total 1,000 feet.

A substantial part of the proposed exploratory work will be carried out by independent contractors for the Company. Several of such independent contracting firms are doing business throughout the Southwest. The Company does not anticipate encountering any difficulty in obtaining the services of such contractors to perform exploratory work for it. Work of this type is contracted on a "bid basis", and the Company's management, being experienced in the field, is familiar with the rates normally charged for such work.

Out of the \$2,400 in monthly salaries, Mr. Lloyd G. Frost, President of the Company, will receive \$1,000, Mr. John A. Frost, Secretary-Treasurer of the Company, will receive \$800, and Mrs. Lloyd G. Frost will receive \$600. These individuals will devote full time to the business of the Company (see "Transactions with Management and Others").

Out of the \$15,000 for Consulting Geologists, Sherman D. Gardner, Vice President of the Company, is expected to receive a total of \$6,000 plus expenses for devoting approximately 25% of his time to the business of the Company (see "Transactions with Management and Others").

Although it is intended that the cost for administrative, office and travel expenses and the cost for the Consulting Geologists are to be equally allocated between Transcendent and Bannie, it is anticipated that these costs will be the same regardless of whether there is an exploration only for Transcendent or for both Transcendent and Bannie.

- (3) See "Purchase Provisions" for both Transcendent and Bannie.
- (4) If the actual costs of the proposed exploration programs are greater or less than estimated, these funds will be decreased or increased accordingly. There will not be any foreseeable need for these unallocated funds unless the results of the initial exploratory work are favorable, or unless unforeseen costs are incurred in the planned drilling program due to insufficient water on the Company's properties or inaccurate estimates of the costs of the program.

The Company, prior to making any use or disposition of any material portion of the uncommitted funds, will send a letter to all shareholders of record informing such shareholders in detail as to the material facts and circumstances relating to the proposed use or disposition of such material portion of the uncommitted funds.

Any proceeds not immediately used will be held in savings accounts, certificates of deposit, treasury bills or similar forms of short-term deposits and investments until needed.

MANAGEMENT

The names of the officers, directors and principal shareholders of the Company with a list of their stock ownership, are as follows:

Name and Address	Title	Number of Shares Owned	Percentage of Outstanding Shares if Offering is Completed
Lloyd G. Frost 6226 West Keim Drive Glendale, Arizona 85301	President and Chairman of the Board	600,000	10%
John A. Frost 5821 North 61st Lane Glendale, Arizona 85301	Secretary Treasurer and Director	600,000	10%
Sherman D. Gardner 6865 South 1950 East Salt Lake City, Utah 84121	Vice President and Director	150,000	2 1/2%

Lloyd G. Frost received a degree in 1965 from the College of the Americas, Mexico City, Mexico, in Construction Engineering with a concentration in Civil Engineering. Mr. Frost has an extensive background in heavy construction and since 1967 has been trading and exploring and, on a small-scale basis, developing mining properties in the State of Arizona. Mr. Frost will devote his full time and attention to the business of the Company and will be primarily responsible for the management of the exploration programs of the Company.

John A. Frost has studied Business Administration at the University of Virginia, Beckley College of West Virginia and Glendale Community College, Glendale, Arizona. Prior to 1966, he was involved in Employee Relations with the United States Postal Service. Since October, 1966, he has been trading and exploring and, on a small-scale basis, developing mining properties in the State of Arizona. Mr. Frost will devote his full time and attention to the business of the Company and will be primarily responsible for the administration of the Company.

Sherman D. Gardner was graduated in 1950 from the University of Utah, Salt Lake City, Utah, with a degree in Geology. He is presently a private Consulting Geologist and Engineer. Mr. Gardner has managed exploration programs and mill operations for several major companies, the most recent being Phillips Petroleum Company and El Paso Natural Gas Company. Mr. Gardner will devote approximately 25% of his time and attention to the business of the Company and will be primarily responsible for performing the geological work in connection with the exploration programs of the Company.

TRANSACTIONS WITH MANAGEMENT AND OTHERS

In June of 1974, Lloyd Frost and Associates, acting on behalf of a partnership comprised of five individuals operating under the name of "Lloyd G. Frost & Associates - Transcendent Mine", entered into separate agreements to purchase the Transcendent and Bannie mining claims from W.L. Petersen and Rauha Petersen, his wife, and Ike W. Kusisto. These agreements were executed following preliminary investigation indicating that the claims could be of exploratory interest. In July of 1974, the Company was formed by the five partners of Lloyd G. Frost & Associates - Transcendent Mine, who received 1,500,000 shares of stock for the assignment to the Company of the agreements between the partnership and the owners of the Transcendent and Bannie properties. In order to develop exploration programs for the two properties and to obtain additional capital, the Company sold 1,500,000 shares of stock to certain private investors for the purchase price of 3-1/3¢ per share, or an aggregate of \$50,000, which sum was paid in \$44,000 cash and \$6,000 services. Of the initial payments by the founders and out of the \$50,000 paid by the private investors, \$22,176 has been expended for the benefit of the two mining properties. This sum was spent in a preliminary investigation of the property and development of the exploration programs and included such items as geological studies, surveying, assaying, preliminary engineering and equipment rental.

Lloyd Frost and Associates, which is a proprietorship owned by Lloyd G. Frost and with which John A. Frost is associated, has entered into an agreement with the Company which provides that Lloyd Frost and Associates shall be paid a fee of \$20,000 for Lloyd Frost and Associates' assuming certain undertakings for the Com-

2. BANNIE. The Bannie group consists of 6 contiguous unpatented mining claims, aggregating approximately 120 acres, and located approximately ten unimproved road miles northeast of the Transcendent group, in Yavapai County, Arizona (see "Purchase Provisions" and "Titles").

(a) History. Reportedly, the property was first staked in the late 1800's and abandoned and restaked at various times and finally restaked in 1973 by the individuals from whom the property is being purchased. The property was worked sporadically and on a small scale until the early 1940's. The Company does not have any firsthand knowledge of the operations nor to what degree they were profitable. However, some unverified reports indicate that small quantities of possibly hand-sorted ore were removed and treated before work on the claims was terminated. The usual reason for such termination of operations is the failure to discover ore of sufficient grade and quantity. Also, a presidential decree, which was issued in the early 1940's, declared that all mining companies whose operations were not essential to the war effort could not purchase material, equipment and supplies which were essential.

Mining companies which did not have an inventory of necessary material, equipment and supplies were unable to continue their operations. Again, no commercial ore body is known to exist on the property.

Access to the Bannie group is by nine miles of road from the Walker Turnoff at the Arizona State Highway 69. A portion of this road is paved, and the rest is unimproved. The road is usable the year round and is adequate for an exploration program. The Company will have to produce its own power, as electricity is not available, and may have to haul water to conduct its exploratory work. This could add materially to the cost of the diamond drilling program.

Reportedly, there are two shafts (one 357 feet and the other 100 feet), a 527-foot tunnel, 2,300 feet of drifts and a 100-foot winze, all of which are caved and inaccessible and may be flooded. Since these underground workings are inaccessible, the Company has not been able to examine them. Although the Company has not examined the underground workings, it is relying upon the geologic features of the property and the limited sampling performed on the property. Also, the property contains old mine dumps. There are not any buildings on the property.

(b) Geology. The mineralization of primary exploratory interest is gold and silver, with copper being of lesser interest.

The two predominant rock types in the area of the property are granite and schist, probably Pre-Cambrian in age, which apparently have been subjected to extensive faulting, folding, alteration and intrusion.

The most significant features of the property are two veins containing gold, silver and copper in a siliceous gangue. Production was obtained from one of these veins, and the other has been exposed to man-made cuts in the ground. Reportedly, there are two additional veins on the property, but the Company does not have any firsthand knowledge about them. Although the Company is unable to determine how far the veins extend, the random surface exposures suggest that the two known veins extend approximately 500 feet along the property. However, no mapping or sampling has been performed by the Company to verify this.

A substantial part of the proposed exploratory work will be carried out by independent contractors for the Company. Several of such independent contracting firms are doing business throughout the Southwest. The Company does not anticipate encountering any difficulty in obtaining the services of such contractors to perform exploratory work for it. Work of this type is contracted on a "bid basis", and the Company's management, being experienced in the field, is familiar with the rates normally charged for such work.

(d) Purchase Provisions. In June of 1974, Lloyd Frost and Associates, acting on behalf of a partnership comprised of five individuals operating under the name of "Lloyd G. Frost & Associates - Transcendent Mine", entered into separate agreements to purchase the Transcendent and Bannie mining claims from W.L. Petersen and Rauha Petersen, his wife, and Ike W. Kusisto. These agreements were executed following preliminary investigation indicating that the claims could be of exploratory interest. In July of 1974, the Company was formed by the five partners of Lloyd G. Frost & Associates - Transcendent Mine, who received 1,500,000 shares of stock for the assignment to the Company of the agreements between the partnership and the owners of the Transcendent and Bannie properties.

The purchase price for the Transcendent property is \$600,000, payable without interest in \$600 monthly payments commencing June 1, 1974, or 6% of net smelter returns, whichever is greater. An additional sum of \$9,000 must be paid on or before June 1, 1975, as a deferred down payment. If and when the full purchase price has been paid, the claims shall be conveyed to the Company by quit claim deed. All required payments have been paid to date.

The purchase price has been arbitrarily established and does not bear any relationship to known value. It is the opinion of management of the Company that the property is not subject to appraisal since it is not being purchased as real estate and an adequate exploration program has not been conducted on the property to determine its value. For this reason, no appraisal was made of the property. The agreement to purchase the property is in effect an option, since the Company can forfeit and abandon the property without any further liability to the Company. If it does, however, the Company will lose all purchase payments made to date. The purchase payments for the property for one year commencing November 1, 1974 and ending October 31, 1975 total \$16,200.00. If the Company cannot pay the purchase price, it will forfeit the property. If the exploration program is unsuccessful on the property, the property will be abandoned and forfeited. Again, any forfeiture will be without further liability to the Company.

The Company must perform all required assessment work in connection with the claims, which claims are unpatented (see "Titles"). The Company may terminate the agreement upon thirty days' notice, and in the event the sellers claim nonconformance with any provisions of the agreement, the Company has sixty days in which to correct such condition after receipt of written notice. In the event the agreement is terminated by the Company, the Company has thirty days to remove all equipment of the Company located on said claims, subject to all workings being left in reasonably good order.

Lloyd Frost and Associates has agreed to satisfy all its obligations under the agreement to purchase the property for the benefit of the Company through October 1974. This, however, will not include any assessment work which must be performed before August 31, 1975 (see "Transactions with Management and Others" and "Titles").

pany through October 1974, including (1) performing all obligations in connection with the Agreements to sell the mining properties, including lease payments and assessment work; (2) obtaining, furnishing, equipping and maintaining offices for the Company; (3) performing or obtaining all geological work and preparing the proposed exploration programs in connection with the public offering of the Company; and (4) managing all activities and operations of the Company. The \$20,000 has already been paid out of working capital of the Company and will not be paid out of the proceeds of this offering.

Commencing November 1, 1974, Messrs. Lloyd G. Frost and John A. Frost will each be employed by the Company under employment contracts which will provide for monthly salaries of \$1,000 for Lloyd G. Frost and \$800 for John A. Frost. It is anticipated that these salaries will be increased by the Board of Directors at a time when the income of the Company, if any, warrants such increases. In addition, the Company will furnish and maintain an automobile which will be available for the use of both of them. Also, the Company will provide group insurance for both of these employees and will pay for life insurance in the amount of \$10,000 each, with the employees' estates being the beneficiaries. Although the employment contracts will be for a period of five years, only one year of their salaries are provided for from proceeds received from the sale of shares of stock offered by this Offering Circular. Although not employed under an employment contract, Mrs. Lloyd G. Frost will be employed as a secretary and will receive \$600 per month. Mrs. Frost has worked for the past twenty years in secretarial, administrative and marketing capacities. Any increases in her salary will be related primarily to costs of living increases. No salaries have been paid to any employees of the Company and none will be until November 1, 1974 (see "Use of Proceeds").

Mr. A.G. Frost, who is the father of Messrs. Lloyd G. Frost and John A. Frost, has entered into an agreement with the private investors who paid \$50,000 to the Company in cash and services, whereby Mr. Frost has agreed to purchase one-half of their shares for the sum of 6.66¢ per share, which means that the shareholders will be able to receive their total investment, without interest, if they elect to do so. The private shareholders can require that Mr. Frost purchase their shares during the period from October 10, 1975 through December 31, 1975. This agreement to purchase shares has been secured by Mr. Frost by an assignment of proceeds from a possible sale of mining property, of which Mr. Frost is a part owner, to a major mining company.

The Company's By-Laws provide for indemnification to directors and officers against expenses incurred by them in legal actions brought against them because of their position with the Company, providing that the officer or director did not act, fail or refuse to act wilfully, or with gross negligence, or with fraudulent or criminal intent. To the extent that the indemnification provision described above may relate to liabilities arising under the Securities Act of 1933, the Securities and Exchange Commission takes the position that such indemnification is against public policy as expressed in the Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than a payment by the Company for expenses incurred or paid by a director, officer or controlling person of the Company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being offered hereunder, the Company will, unless in the opinion of its counsel the matter has been settled by a controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The By-Laws of the Company provide that no act, contract or other transaction of the Company shall be invalid even if any of its directors or officers, individually or through a company in which he has an interest, are pecuniarily or otherwise interested in the act, contract or other transaction, providing that a disclosure be made by any such officer or director to a majority of the Board of Directors of the Company.

The By-Laws of the Company provide that no special meeting of stockholders may be called except by the Chairman of the Board, or the President, or the Board of Directors, or by written demand of the holders of a majority of all issued and outstanding shares of stock, regardless of class.

None of the officers, directors or principal shareholders of the Company has any interest in any property adjacent to or in the vicinity of the Company's claims which would be enhanced in value or affected by the operations of the Company.

THE UNDERWRITING

The Company is making the offering through the firm of Continental American Securities, Inc., of Phoenix, Arizona (the "Underwriter"). The underwriting is on a "best efforts, all of none" basis, and the underwriting commissions will be paid to the Underwriter only if the entire offering is sold. There is no firm commitment on the part of the Underwriter, and the Underwriter is under no obligation to purchase or sell any of the shares offered. The offering period terminates 120 days after the date of this Offering Circular.

The Underwriting Agreement provides that if all of the shares are sold, the Underwriter is to receive a commission of 12% (\$.012 per share) of the offering price to the public or an aggregate commission of \$36,000.00. In addition, the Company has agreed to pay the Underwriter \$5,000 for its unaccountable expenses. In the event the offering is not completed, the Company will only be required to pay the Underwriter the expenses actually incurred and proven by the Underwriter up to but not exceeding \$5,000.00. The Company has sufficient funds to pay the unaccountable (or accountable, as the case may be) expenses out of current working capital.

The Company and the Underwriter have agreed to reciprocal indemnities with respect to certain civil liabilities, including liabilities under the Securities Act of 1933, as amended. In essence, if one has made any misrepresentation in connection with the offering and this results in liability to the other in connection with the defense and payment of damages, then the one responsible for such misrepresentation shall pay the other all expenses and damages incurred by it as a result of such misrepresentation.

All monies collected from subscribers will be deposited in an impound account in the Valley National Bank of Arizona, 20th Street and Camelback Branch, Phoenix, Arizona. Unless all 3,000,000 shares are sold within 120 days from the date of this offering Circular, all funds collected from subscribers will be returned in full, without interest.

The Underwriting Agreement also provides that the Underwriter shall have the right to associate such other underwriters or selected dealers (members of the National Association of Securities Dealers, Inc.) as it may determine and shall have the right to offer those selected dealers concessions out of the commission to be received by the Underwriter as the Underwriter may determine.

Although a small amount of random surface sampling on the property by the consulting geologist revealed the existence of gold, silver and copper mineralization, generally of low grade, and sampling of the old mine dumps disclosed a similar mineralization, such sampling was not adequate to give any information as to what mineralization is present in the unmined portion of the property. The work did suggest targets for further exploration, which the Company proposes to accomplish.

(c) Proposed Exploration. Normally, exploratory work is performed in stages with the performance of each stage being dependent upon the result of the previous stage or stages. Regardless of results of any stage, the Company intends to complete the entire exploration program and expend the funds committed to it. Any further exploration will depend upon the results of the present program and available capital, if any.

The Company has retained the services of a geologist, Sherman D. Gardner, who is an officer, director and shareholder of the Company, to act as its consultant in the planning, direction and supervision of the exploration of the claims of the Company. The Company also intends to retain the services of other geologists to assist Mr. Gardner but has not selected any at this time.

The proposed exploration program is designed to determine whether or not economic mineralization exists on the property along the vein structure. Assuming that the necessary drill rigs and personnel are available, the proposed exploration program should take between 6 and 12 months. Also, the programs for the two claim groups (Transcendent and Bannie) will be conducted simultaneously.

The Company proposes to conduct a ground survey to establish the precise location and limits of its property and to determine any significant geologic features.

The Company will also cut trenches, of varying length and depth, at 50-foot intervals and sample along the entire length of the vein structure to determine the continuity of the structure and the extent of mineralization.

The Company also proposes to re-open the main tunnel and to inspect, map, survey and sample all accessible underground workings. In addition, the Company proposes to extend the drift at the end of the tunnel along the vein structure, at one or both ends depending upon findings resulting from inspection and sampling, for an additional 200 feet.

The Company proposes to cut two drill stations, one at the west end of the drift off of the crosscut and the other off of the main tunnel at a point 400 feet from the entrance. One hole will be drilled from the drift station and two holes will be drilled from the tunnel station. The holes will be drilled in an attempt to intersect the vein structure at a depth of 200 feet below the station level. One hole will be under the tunnel, and the other two holes will end approximately 250 feet on both sides of the hole under the tunnel. Due to the angle of the holes, they will be 318 feet in length for a total of 954 feet.

Four additional holes will be drilled from the surface along the vein structure in an attempt to intersect the vein structure at 300 feet below the surface, and two additional holes will be drilled from the surface along the vein structure in an attempt to intersect the vein structure at 500 feet below the surface. The exact location and angle of the holes will be established after the ground survey and trenching. It is anticipated that the total surface drilling will be approximately 2,620 feet.

(a) History. Reportedly, the property was first staked in the late 1880's and abandoned and restaked at various times and finally restaked in 1970 by the individuals from whom the property is being purchased. The property was worked sporadically and on a small scale until the early 1940's. The Company does not have any firsthand knowledge of the operations nor to what degree they were profitable. However, some unverified reports indicate that small quantities of possibly hand-sorted ore were removed and treated before work on the claims was terminated. The usual reason for such termination of operations is the failure to discover ore of sufficient grade and quantity. Also, a presidential decree, which was issued in the early 1940's, declared that all mining companies whose operations were not essential to the war effort could not purchase material, equipment and supplies which were essential. Mining companies which did not have an inventory of necessary material, equipment and supplies were unable to continue their operations. Again, no commercial ore body is known to exist on the property.

The claims are approximately twelve miles south of Prescott along the Old Senator Highway. Six miles of this road are improved, and the other six miles are unimproved, with the last mile being in poor condition. The road is usable the year round and is adequate for an exploration program. Electrical power is on the property, and, although there is limited surface water available on the property, this may not be sufficient and the Company may have to haul water to conduct its exploratory drilling. This could add materially to the cost of the diamond drilling program.

The property, having been worked previously, contains a shaft and approximately 1,400 feet of lateral underground workings. The shaft, which is reported to be approximately 200 feet deep, is caved and inaccessible, and the Company has not been able to examine it. The main tunnel extends for a distance of 400 feet from the entrance to a point where it is caved and flooded and, for all practical purposes, inaccessible. Reportedly, the tunnel extends an additional 300 feet, at the end of which is 500 feet of drifting. Since these additional workings are inaccessible, the Company has not been able to examine them. Also, they are flooded and may be caved. There is a cross-cut before the caved portion of the tunnel which runs a distance of 150 feet, at the end of which there is a 150-foot drift which runs along a quartz vein with only minor mineralization. The Company does not plan any exploration work on this vein at the present time. Also, the property contains old mine dumps. There are not any buildings on the property.

(b) Geology. The mineralization of primary exploratory interest is gold and silver, with copper being of a lesser interest.

The two predominant rock types in the area of the property are granite and schist, probably Pre-Cambrian in age, which apparently have been subjected to extensive faulting, folding, alteration and intrusion.

The most significant feature of the property is a vein containing gold, silver and copper in a siliceous gangue. The random surface exposures suggest that this vein extends the full length of the property, which is approximately 5,000 feet. However, no mapping or sampling has been performed by the Company to verify this.

The foregoing sets forth some of the provisions of the Underwriting Agreement but does not purport to be a complete statement of the terms contained therein. For more complete details, reference is made to the Underwriting Agreement and the Im-pound Agreement which are filed as exhibits to the Notification Statement of which this Offering Circular is a part.

The Underwriting Agreement requires that the Company pay all of the expenses in connection with the preparation of the Notification to the Securities and Exchange Commission and the offering Circular required by it.

LITIGATION

There is no litigation pending or anticipated in which the Company is a part or to which the property of the Company is subject.

LEGAL OPINION

Legal matters in connection with the sale of shares offered by this Offering Circular will be passed upon for the Company and Underwriter by Michael E. Tiffany, Attorney at Law, member of the law firm of Cunningham, Goodson & Tiffany, Ltd., Ninth Floor, Luhrs Building, Phoenix, Arizona 85003. Mr. Tiffany received 150,000 shares of the Common Stock of the Company by paying to the Company \$2,500 in cash and agreeing to provide \$2,500 of legal services to the Company. These shares are restricted, and Mr. Tiffany has agreed not to sell, transfer, assign or hypothecate these shares for a minimum period of one year from the date of this Offering Circular.

TRANSFER AGENT AND REGISTRAR

The Company has engaged the services of Deer Valley Transfer Company, Box 9173, Phoenix, Arizona 85068, to act as transfer agent and registrar for it. The transfer agent will issue the certificates for the shares purchased and will thereafter transfer the shares of the Company and will keep a record of the shareholders.

SHAREHOLDER MEETINGS AND REPORTS

The By-Laws of the Company provide that the annual meetings of Shareholders shall be held on the third Thursday of September of each year unless that day be a legal holiday, in which event the annual meeting will be held on the next succeeding business day. If any such annual meeting is for any reason not held on that date, a special meeting may thereafter be called and held in lieu thereof. It is the intention of the Directors of the Company that the annual meetings of Shareholders be held on or close to the specific date required by the By-Laws. The Company intends to furnish each Shareholder with an annual report of the Company. This will include financial statements of the Company and, if warranted, the financial statements of the Company will be certified by an independent certified public accountant.

OTHER INFORMATION

The Company has on file with the San Francisco Branch Office of the Securities and Exchange Commission, at 450 Golden Gate Avenue, San Francisco, California 94102 its Notification on Form 1-A, and related exhibits, such as copies of its Articles of Incorporation, By-Laws, Agreements and Assignments in connection with the mining properties, Underwriting Agreement and other related documents. These documents contain additional information that does not appear in this Offering Circular, and they may be inspected without charge by anyone at the San Francisco Branch Office of the Securities and Exchange Commission. Copies of all or any part of these documents may be obtained from the Securities and Exchange Commission's Public Reference Room, 500 North Capitol Street, Washington, D.C. 20549, upon payment of the prescribed fees.

FINANCIAL STATEMENTS

The financial statements of the Company which are contained in this Offering Circular have been taken from the books and records of the Company and are unaudited. These statements include all adjustments (including accrual) necessary for a fair presentation. Also, the Company has not experienced any material adverse changes in its financial condition or results of operation since the date of the financial statements. However, all of the payments due under the stock subscription receivables have been paid. Also, the unrecovered administrative and exploration expenses may or may not have value, depending upon the success or failure of the proposed exploration programs.

CAPITALIZATION

The authorized capitalization of the Company is 100,000,000 shares of Common Stock with a par value of \$0.01 per share. The following table shows the capitalization of the Company as of July 31, 1974, and as adjusted to give effect to the sale of the shares of Common Stock offered by this Offering Circular:

	<u>Present</u>	<u>If Offering Completed</u>
Shares Outstanding	3,000,000	6,000,000
Paid-in Capital	\$100,000	\$400,000

DESCRIPTION OF STOCK

All of the shares of Common Stock are of one class. There is no preferred stock. The consideration for such shares of Common Stock is to be paid in at such time as the Board of Directors shall designate, and may be paid for in cash, or property, or services, or such other value as the Directors shall designate. All of the rights to vote are vested in the Common Stock, and each share has one vote. There are no pre-emptive rights, and the shares are non-assessable. The Constitution of Arizona provides for cumulative voting, and, therefore, at all elections of the Directors of the Company each holder of the Common Stock shall be entitled to as many votes as shall equal the number of votes which he would be entitled to cast for the election of Directors with respect to his shares of stock multiplied by the number of Directors to be elected. These votes may be cast for any single Director or be distributed among the Directors in any proportion a shareholder may select.

BUSINESS OF THE COMPANY

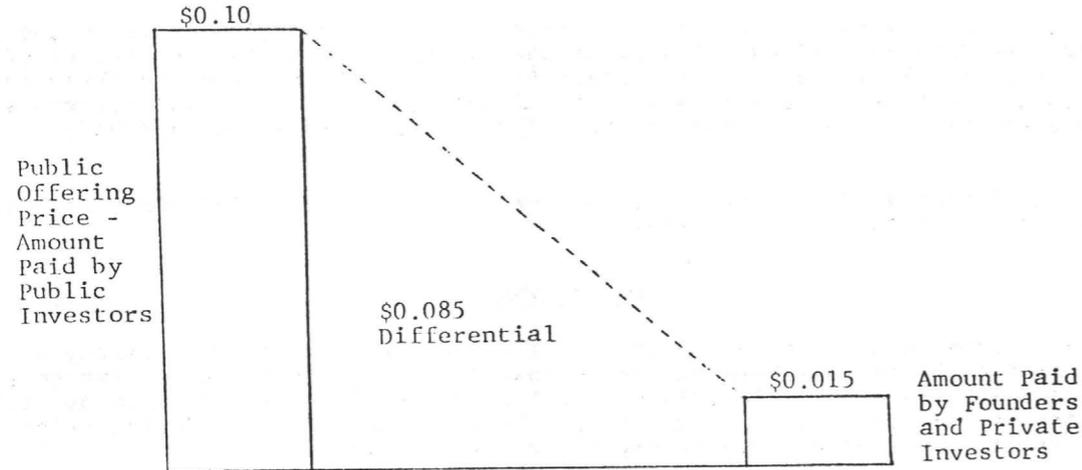
General

The primary objective of the Company is to explore the present property of the Company, which consists of two claim groups. One group is called the TRANSCENDENT, and the other group is called the BANNIE. Most of the proceeds of the offering which are to be used for exploration will be used in connection with the Transcendent (see "Properties" and "Use of Proceeds"). The Company, on a small-scale basis at the present time, intends to deal with other mining properties as an intermediary between the owners of mining claims and major mining companies. This business activity will not interfere with the proposed exploration programs and will not require use of any funds received from the sale of shares offered herein (see "Use of Proceeds" and "Other Business of the Company").

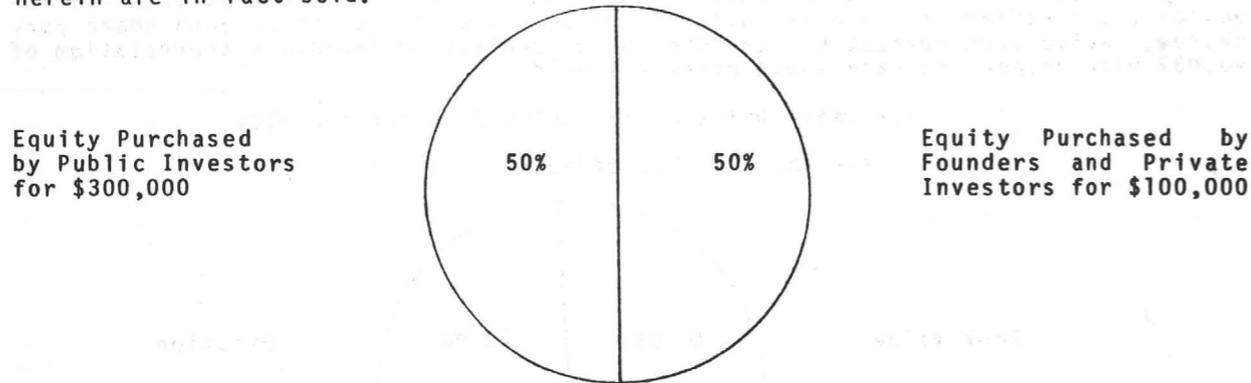
Mining Properties

1. TRANSCENDENT. The Transcendent group consists of 28 unpatented mining claims, aggregating approximately 480 acres, and located approximately 12 miles south of the town of Prescott in Yavapai County, Arizona (see "Purchase Provisions" and "Titles").

The 3,000,000 shares of 1¢ par value Common Stock of the Company outstanding as of the date of this Offering Circular were issued to the founders of the Company and certain private investors. The price for 1,500,000 shares, which were issued to the founders of the Company, was for the assignment to the Company of the Agreements to purchase the mining properties. No cash was paid for these shares (see "Purchase Provisions" for both properties and "Transactions with Management and Others"). The price per share (excluding services) for the other 1,500,000 shares, which were issued to private investors, was \$0.029. The average price for all of the shares issued was \$0.015 per share, or \$0.085 per share less than the price at which the shares are being offered herein to the public.



The 3,000,000 shares of 1¢ par value Common Stock so purchased by the founders and private investors of the Company for an aggregate of \$100,000 will constitute 50% of the outstanding capital stock of the Company if all of the shares offered herein are in fact sold.



The purchase of the shares by the founders and private investors of the Company are more fully described in this Offering Circular (see "Transactions with Management and Others").

LLOYD G. FROST & ASSOCIATES - TRANSCENDENT MINE
 Incorporated as of July 31, 1974, as
 LUCKY CHANCE MINING COMPANY, INC.

		<u>ASSETS</u>	<u>Incorporating Adjustment</u>	<u>Balance Sheet</u>
Current Assets				
Cash in banks - Note 5	\$ 658		\$	\$ 658
Stock Subscriptions Receivable - Notes 1 and 5 Lucky Chance Mining Company, Inc.	7,500			7,500
Unrecovered Exploration Costs - Exhibit B - Note 2	22,176			22,176
Preoperational Expenses - Exhibit B - Note 3	20,342			20,342
Agreement to Buy - Note 4 Transcendent Mine			32,883	32,883
Bannie Mine			16,441	16,441
Total Assets	<u>\$ 50,676</u>		<u>\$ 49,324</u>	<u>\$100,000</u>

<u>LIABILITIES AND CAPITAL</u>				
Contingent Liabilities - Note 5				
Common Stock				
Authorized - 100,000,000 shares at 1¢ par value; issued and outstanding - 3,000,000 shares - Note 1				
Received	\$ 35,000			
Receivable	7,500			
Services	6,000			
Agreement	1,500	50,000	50,000	100,000
Partners' Capital		676	(676)	
Total Liabilities & Capital	<u>\$ 50,676</u>	<u>\$ 49,324</u>		<u>\$100,000</u>
Book Value - 3,000,000 Shares				<u>\$0.0333</u>

The accompanying notes are an integral part of this statement.

LLOYD G. FROST & ASSOCIATES - TRANSCENDENT MINE
 Incorporated as of July 31, 1974, as
 LUCKY CHANCE MINING COMPANY, INC.

STATEMENT OF RECEIPTS AND DISBURSEMENTS
 (unaudited)

FOR THE PERIOD NOVEMBER 20, 1973, TO JULY 31, 1974

Receipts:

Capital - Bridges and Holben	\$ 1,625
Capital - Lloyd and John Frost	551
Stock subscription - Lucky Chance Mining Company, Inc.	<u>35,000</u>
	<u>\$ 37,176</u>

Disbursements:

Exploration costs - Note 2:	
Agreement - Lloyd G. Frost & Associates - Note 6	\$ 20,002
Other exploration costs	<u>2,174</u>
	<u>\$ 22,176</u>

Preoperational Expenses - Note 3:

Cash disbursements:	
Legal fees and expenses	\$ 7,842
Broker fees	5,000
Travel	<u>1,500</u>
	\$ 14,342
Stock issued for services:	
Legal fees	\$ 2,500
Accounting fees	<u>3,500</u>
	<u>6,000</u>
	<u>\$ 20,342</u>

The accompanying notes are an integral part of this statement.

11. As a result of inquiries by the Company, it appears that existing environmental regulations will not affect the Company's proposed exploration programs. In the event that additional environmental regulations are promulgated in the future however, such could adversely affect the exploration programs (see "Environmental Matters and Regulations").

12. Prior to this offering, there has been no public trading market for the Common Stock of the Company, and the likelihood that such a market will develop is speculative. For this reason, there cannot be any assurances that the Common Stock will be resaleable in the future at or near the offering price or at all.

13. Upon the sale of all of the shares offered herein, the officers and directors of the Company will own 22-1/2% of the issued and outstanding shares of stock of the Company. By virtue of their stock holdings in the Company and their possible influence over other shareholders of the Company, the officers and directors could be in a position to control the affairs of the Company (see "Management").

14. Presently the Company has a nominal working capital position (see the Statement of Assets and Liabilities).

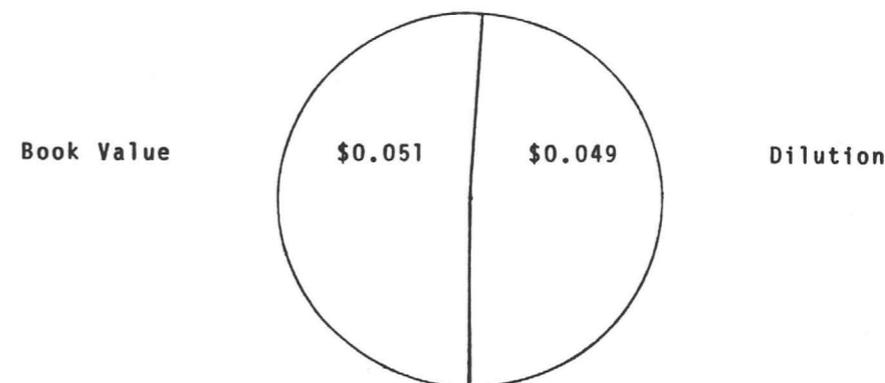
DILUTION

For purposes of this section, the book value per share of the Company's capital stock is the difference between the Company's net tangible assets (which exclude services) and its liabilities, divided by the number of shares of stock outstanding. Dilution is the difference, per share, between the public offering price of the stock and its book value immediately after the offering.

As of July 31, 1974, the date of the Financial Statements of the Company (see "Financial Statements"), the Company had outstanding 3,000,000 shares of 1¢ par value Common Stock with a net book value of \$0.015 per share. Upon the sale of all of the shares offered herein, the book value of each share then outstanding would be \$0.051 (after deducting the Underwriting Commission), meaning that each new investor would suffer an immediate dilution of \$0.049 with respect to each share purchased, while each current shareholder would realize an immediate appreciation of \$0.037 with respect to each share presently held.

Per Share Dilution of Public Investor's Equity

Per Share Public Offering Price of \$0.10



4. There are not any known commercially mineable ore bodies on the two claim groups. Should any such ore bodies eventually be discovered, the Company must then decide whether or not it will mine the properties. If it intends to mine the properties, which is highly unlikely, substantial additional funds would be required, and there is no assurance that such funds will be available. If the Company does not intend to engage in mining operations, it will attempt to negotiate an operating agreement with a well-financed operating company and would in such event retain only a minor interest.

5. The proposed exploration programs are based only on limited and unsystematic sampling, and the programs are not of a nature that any results could serve to establish the existence of commercially mineable ore bodies. At best, the results would warrant additional exploration. In such event, additional funds would be required, and there is no assurance that such funds will be available.

6. The mining properties are being acquired under separate agreements which provide for a purchase price of \$600,000 for the Transcendent and \$300,000 for the Bannie. These prices, which are payable in installments, have been arbitrarily established and do not bear any relationship to known values. If the Company cannot pay the purchase price, it will forfeit the properties without any further liability other than the installment payments paid to date. If the exploration program is unsuccessful on any property, that property will be abandoned and forfeited (see "Purchase Provisions" for both properties).

7. The Company does not have firsthand knowledge of certain facts which are considered necessary in making decisions in connection with the proposed exploration programs. In fact, parts of the programs are for the purpose of determining the accuracy of certain unverified reports and statements upon which the Company has relied in developing its programs (see "Proposed Exploration" for both properties).

8. The Transcendent, which has been worked previously, contains a shaft and lateral underground workings. The main tunnel has caved at a distance of 400 feet from the entrance and beyond that is flooded and, for all practical purposes, is inaccessible and has not been inspected by the Company to determine if any significant mineralization is present. Although there is limited surface water available on the property, this may not be sufficient, and the Company may have to haul water to conduct its exploratory drilling. This could add materially to the cost of the diamond drilling program.

The Bannie, which has been worked previously, reportedly contains two shafts and four levels of lateral underground workings which are inaccessible and may be caved and flooded. The Company will have to produce its own power, as electricity is not available, and may have to haul water to conduct its exploratory work. This could add materially to the cost of the diamond drilling program.

9. Although the prices of gold, silver and copper have increased substantially in recent years, there has also been a substantial increase in the cost of mining. The Company will ultimately have to locate a deposit of sufficient tonnage and grade to warrant the expenditure necessary to enter into a mining operation. There is no indication of such a deposit at the present time.

10. There is no foreseeable need for a substantial portion of the proceeds of this offering, although they will be available for additional exploration on the Company's properties if such need arises as a result of the proposed exploration programs (see "Use of Proceeds").

LLOYD G. FROST & ASSOCIATES - TRANSCENDENT MINE
Incorporated as of July 31, 1974, as
LUCKY CHANCE MINING COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS
(unaudited)

JULY 31, 1974

Historical Background

In November of 1973, Lloyd G. Frost, John A. Frost, Elzy C. Bridges and Marston K. Holben formed Lloyd G. Frost & Associates - Transcendent Mine (a partnership) for the purpose of conducting limited exploration of the Transcendent Mine claim. In February of 1974, Bridges and Holben withdrew from the partnership, agreeing to accept \$1,500 of common stock for their capital contributions and \$3,500 of common stock for accounting services in a proposed incorporation of the partnership. Subsequently, additional partners were admitted and at July 31, 1974, the partners were as follows:

Lloyd G. Frost	40%
John A. Frost	40%
Sherman D. Gardner	10%
Charles W. Colvin	5%
Phillip J. Heiney	5%

During the existence of the partnership, the primary function has been to conduct limited exploration of the Transcendent Mine claims and the Bannie Mine claims.

The partnership assets, liabilities and capital were transferred to Lucky Chance Mining Company, Inc., on July 31, 1974, as set forth in the balance sheet.

Future Plans

Lloyd G. Frost and John A. Frost have entered into a letter of intent with Continental American Securities, Inc., in connection with that company's underwriting of a Regulation A exempt offering. Under this arrangement with the broker, the company will attempt to sell 3,000,000 shares of 1¢ par value common stock of the company for a purchase price of 10¢ per share, or an aggregate of \$300,000. The offering will provide that all of the \$300,000 of stock must be sold or the offering will be cancelled. Until the proposed offering is filed with the Securities and Exchange Commission, the company is unable to determine how many shares it will be allowed to sell.

The proceeds from this offering will be used for further exploration of the aforementioned mining claims.

LLOYD G. FROST & ASSOCIATES - TRANSCENDENT MINE
Incorporated as of July 31, 1974, as
LUCKY CHANCE MINING COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS
(unaudited)

JULY 31, 1974

Summary of Accounting Policies

- A. Method of Accounting. The books and records are maintained on the accrual method of accounting.
- B. Depreciation. Depreciable assets will be amortized over their estimated useful lives on the straight-line basis.
- C. Depletion. Depletable assets will be amortized on a systematic and rational manner over the period of the assets' lives.
- D. Inventories. Inventories will be priced at lower of cost or market on a first-in, first-out basis.
- E. Preoperations Cost. Preoperational costs will be expensed in the year in which they are incurred.
- F. Exploration Costs. Exploration expenditures will be capitalized until production commences or the property is proven worthless.
- G. Income Taxes. Income tax accounting will be generally those methods which produce the lowest income tax expense. Differences in income tax and financial accounting will be disclosed at each reporting period.
- H. Non-Arm's Length Transactions. Full disclosure will be a part of financial reporting.
- I. Underwriting Costs. Underwriting and related costs will be expensed in the year in which they are incurred.

INTRODUCTORY STATEMENT

Lucky Chance Mining Company, Inc. (the Company), with offices located at 5322 North 59th Avenue, Suite G, Glendale, Arizona 85301 (telephone (602) 939-9406), was incorporated as an Arizona corporation on July 18, 1974, for the purpose of exploring and, if warranted, developing mining properties. The proceeds from the sale of the shares of stock offered herein will be used by the Company as stated herein (see "Use of Proceeds").

The mineralization of main exploratory interest is gold and silver, with copper being of lesser interest. While the Company has not completed any significant geological examination or exploratory work on its claims to serve as a basis for extensive exploration, it proposes to conduct preliminary exploratory work including mapping, sampling, surface and underground surveying, diamond core-drilling and tunnel and drift rehabilitation on its two groups of claims located in the State of Arizona, near the town of Prescott, in search of economically significant mineralization. The proposed exploration programs are based only on limited and unsystematic sampling.

The Company has retained the services of a geologist, Sherman D. Gardner, who is an officer, director and shareholder of the Company, to act as its consultant in the planning, direction and supervision of the exploration of the claims of the Company. The Company also intends to retain the services of other geologists to assist Mr. Gardner but has not selected any at this time.

The property of the Company consists of two claim groups. One group is called the Transcendent, and the other group is called the Bannie. Most of the proceeds of the offering which are to be used for exploration will be in connection with the Transcendent (see "Properties" and "Use of Proceeds").

The Company, on a small-scale basis at the present time, intends to deal with other mining properties as an intermediary between the owners of mining claims and major mining companies. This business activity will not interfere with the proposed exploration programs and will not require use of any funds received from the sale of shares offered herein (see "Use of Proceeds" and "Other Business of the Company").

RISK FACTORS

Mineral exploration involves a high degree of risk. For this reason, the risk factors involved should be carefully considered and reviewed, including the following:

1. The Company is newly formed and has not generated any operating income.
2. The shares being offered herein will have real value only in the event discoveries of substantial bodies of commercial ore are made, and there is no assurance of such discoveries.
3. One of the consulting geologists, Sherman D. Gardner, cannot be considered independent when he makes recommendations to the Company regarding exploration programs, since he, as a shareholder, officer and director, will benefit from the sale of shares of common stock offered herein and, as a geologist, will receive a fee for his services regardless of the merits of the proposed programs. Although this risk does not concern the Company, who will have certain employees who are knowledgeable in the field of geology, there cannot be any assurances that this risk will not occur.

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LLOYD G. FROST & ASSOCIATES - TRANSCENDENT MINE
 Incorporated as of July 31, 1974, as
 LUCKY CHANCE MINING COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS
 (unaudited)

JULY 31, 1974

Note 1 - Stock Subscriptions Receivable

The partnership has raised \$50,000 of funds by a private offering for Lucky Chance Mining Company, Inc. At July 31, 1974, the status of the private offering was as follows:

Funds received		\$ 42,500
Funds subscribed		<u>7,500</u>
Total private offering (1,500,000 shares)		<u>\$ 50,000</u>
Purchase of partnership equities in two mining properties (1,500,000 shares)		<u>\$ 50,000</u>
Total (3,000,000 shares)		<u>\$100,000</u>
Par value - 1¢	\$ 30,000	
Paid in capital	<u>70,000</u>	
	<u>\$100,000</u>	

Note 2 - Unrecovered Exploration Costs

These costs were incurred as follows:

Exploration of Transcendent Mine	\$ 2,174
Agreement with Lloyd G. Frost & Associates as explained in Note 6	<u>20,002</u>
	<u>\$ 22,176</u>

Exploration expenditures will be capitalized until production commences or the property is proven worthless. At this time, the value, if any, of unrecovered exploration expenditures is indeterminable.

LLOYD G. FROST & ASSOCIATES - TRANSCENDENT MINE
 Incorporated as of July 31, 1974, as
 LUCKY CHANCE MINING COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS
 (unaudited)

JULY 31, 1974

Note 3 - Preoperational Expenses

Preoperational expense represents preincorporational expenditures relative to legal, accounting and brokerage as set forth in Exhibit B. These costs will be expensed in the first accounting year.

Note 4 - Agreements to Buy

Lloyd G. Frost & Associates have entered into options to buy mining claims as follows:

Transcendent Mine	\$600,000
Bannie Mine	300,000

Terms are as follows:

Transcendent Mine - \$600 per month or 6% of net smelter returns, whichever is greater, commencing June 1, 1974, with an additional sum of \$9,000 to be paid on June 1, 1975.

Bannie Mine - \$300 per month or 6% of net smelter returns, whichever is greater, commencing June 1, 1974, with an additional sum of \$6,000 to be paid on December 1, 1974.

The obligations of Frost will continue through October, 1974, at which time Frost will sign all necessary documents and cooperate with Lucky Chance in the transfer and assumption of all rights and obligations in connection with the above. It is understood and agreed that Lucky Chance will have the right to refuse to accept the transfer of rights and obligations in the event it is unable to sell a sufficient number of shares of stock to enable it to do so.

There are not any known commercially mineable ore bodies on the two claim groups.

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Penn Co

8 Feb Sat
meet on property

mtg = 9 Aug + 2 people ^{Johnnie}
_{crystalline}

ASU Michael Sheridan

Hired for 2 days
for 2 days 8th - 9th

4% to thank

Bad reception
book - Trails of Superstition
no field experience to
verify
no reports to state or
state mine Dept
will not correspond

Dep of BLM
no dice!

Tognomi alt
Dr. Royce

(Notes from preceding page)

- (1) Prior to this offering, there has been no public trading market for the Common Stock of the Company, and the likelihood that such a market will develop is highly unlikely. For this reason, there cannot be any assurances that the Common Stock will be resaleable in the future at or near the offering price or at all. The offering price of these securities has been arbitrarily established by the Company and the Underwriter and bears no particular relationship to the assets or book value of the Company. The Underwriter has agreed to handle this offering on a "best efforts, all or none" basis, and there can be no assurances that these securities will be sold. The proceeds of the offering will be deposited by the Underwriter in an impound account at the Valley National Bank of Arizona, 20th Street and Camelback Branch, 2027 East Camelback Road, Phoenix, Arizona 85016, until all of the shares offered herein are sold, at which time the funds will be released to the Company. If all of the shares are not sold within 120 days from the date of this Offering Circular, all monies received will be refunded in full, without interest.
- (2) Until ninety days after the first date these shares are offered to the public, all dealers effecting transactions in the shares offered herein will be required to furnish a copy of a current Offering Circular to any purchaser at least 48 hours prior to the mailing of a confirmation of the sale.
- (3) With the exception of the underwriting commission, the Company has paid or will pay the other expenses in connection with the offering out of the Company's working capital. These expenses are estimated at approximately \$25,000 and include \$10,000 for attorney's fees, \$5,000 for unaccountable expenses to the Underwriter, with the balance being for printing, filing fees, travel and miscellaneous expenses (see "The Underwriting").

LLOYD G. FROST & ASSOCIATES - TRANSFER AGENT MINE
Incorporated as of July 31, 1974, as
LUCKY CHANCE MINING COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS
(unaudited)

JULY 31, 1974

Note 5 - Contingent Liabilities

Should the proposed Regulation A exempt offering be approved, the company will be liable for the following contingent obligations:

Legal fees	\$2,500
Broker fees	<u>2,500</u>
Total	<u>\$5,000</u>

Note 6 - Agreement - Lloyd G. Frost & Associates

Lloyd G. Frost & Associates, which is a proprietorship owned by Lloyd G. Frost and with which John A. Frost is associated, have entered into a contract with the company for a fee of \$20,000. The contract provides that Lloyd G. Frost & Associates shall assume certain undertakings for the company, including (1) performing all obligations in connection with the Agreements to Sell the mining properties, including lease payments and assessment work; (2) obtaining, furnishing and maintaining offices for the company; (3) performing or obtaining all geological work and preparing the proposed exploration program in connection with the public offering of the corporation; and (4) managing all activities and operations of the company. Commencing November 1, 1974, Lloyd G. Frost and John A. Frost will be employed by the company under employment contracts which will provide for salary and other terms as established by the Board of Directors of the company.

Note 7 - Restrictions on Assets and Owners' Equity

- A. Assets. Cash in bank and stock subscriptions receivable are to be used in connection with completion of the proposed public offering as disclosed herein under "future plans." There are no other restrictions on assets or earnings.
- B. Owners' Equity. No restrictions.

Note 8 - Guarantees of Obligations

None.

939-9406



OFFERING CIRCULAR

LUCKY CHANCE MINING CO., INC.
 (an Arizona Corporation)
 5322 NORTH 59TH AVENUE - SUITE G
 GLENDALE, ARIZONA 85301

Incorporated July 18, 1974

OFFERS

3,000,000 Shares of 1¢ Par Value Common Stock
 Offering Price 10¢ Per Share

Minimum Purchase 2,500 Shares

THESE SECURITIES ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. THE COMMISSION DOES NOT PASS UPON THE MERITS OF ANY SECURITIES NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF ANY OFFERING CIRCULAR OR OTHER SELLING LITERATURE.

THESE SECURITIES INVOLVE A HIGH DEGREE OF RISK

	Price to Public (1)(2)	Underwriting Commissions (3)	Proceeds to Company
Per Share	\$.10	\$.012	\$.088
Total	\$300,000.00	\$36,000.00	\$264,000.00

(See notes on following page)

Underwriter:

CONTINENTAL AMERICAN SECURITIES, INC.
 Suite 107, 3033 North Central Avenue
 Phoenix, Arizona 85012
 Telephone (602) 263-0020

Transfer Agent and Registrar:

DEER VALLEY TRANSFER COMPANY
 Box 9173
 Phoenix, Arizona 85068
 Telephone (602) 942-9760

The 3,000,000 shares are offered by the Underwriter when, as and if delivered to and accepted by the Underwriter. The Underwriter reserves the right to withdraw or cancel this offer without notice before confirmation of sale, and to reject orders in whole or in part.

No person has been authorized by the Company or by the Underwriter to give any information or to make any representations other than those contained in this offering Circular, and, if given or made, such information and representations must not be relied upon as having been authorized. This Offering Circular does not constitute an offer or a solicitation in any jurisdiction in which such offer may not lawfully be made.

The date of this Offering Circular is October 28, 1974

