

**CALENDAR ITEM  
C38**

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04/09/09  
PRC 8742.2  
S. Mulqueen

**CONSIDER APPROVAL FOR AN  
EXTENSION OF A MINERAL PROSPECTING  
PERMIT FOR MINERALS OTHER THAN OIL, GAS,  
GEOTHERMAL RESOURCES, SAND AND  
GRAVEL ON STATE LANDS,  
MONO COUNTY**

**APPLICANT:**

Cougar Gold LLC  
Attn.: Mr. Thomas K. Randall  
1700 Lincoln Street, Suite 2600  
Denver, CO 80203

**AREA, TYPE LAND AND LOCATION:**

Approximately 480 acres of land in which the State owns a 100 percent (100%) reserved mineral interest. The property is situated about 15 miles northeast of Bridgeport and includes the SW ¼ and E ½ of section 16, T5N, R27E, MDBM, Mono County (see Exhibit A, attached hereto).

**BACKGROUND:**

On February 5, 2007, the California State Lands Commission (Commission) issued Mineral Prospecting Permit No. PRC 8742.2 to Enigma Resources LLC (Enigma) to allow for geologic mapping and rock chip sampling to be conducted on the State parcel. On June 28, 2007, the Commission approved the assignment of PRC 8742.2 from Enigma to Cougar Gold LLC (Cougar). The mineral prospecting permit is for precious metals and covers approximately 480 acres of split-estate land of which the State retains a 100 percent (100%) reserve mineral interest.

On March 25, 2008, the Commission approved the first of two possible extensions under the existing prospecting permit. On February 10, 2009, Cougar submitted a completed application for the second one-year extension to the

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existing permit. Cougar submitted with the application a check in the amount of \$3,025 covering the application fee and estimated staff costs for processing the extension application.

Cougar is a Delaware limited-liability company formed in 2006 as a wholly owned subsidiary of Electrum USA Ltd. Cougar owns property, leases lands and has mineral claims within 18 major claim-block areas in California and Nevada. Cougar has conducted extensive exploratory drilling on two of these claim block properties located on federal and private lands.

Cougar has completed various tasks involving research and field work under the existing prospecting permit. During May and June 2008, Cougar conducted field examinations of the parcel, focusing its attention on a geologic target consisting of a mineralized zone with favorable physical and chemical indicators of gold. Cougar's field personnel have also determined the basic geologic setting and mode of mineral emplacement.

Cougar is requesting a second extension of the mineral prospecting permit in order to retain its mineral interest in the State parcel and to continue to perform detailed field work. Additional field work will take place during spring and summer of 2009, with the Commission's approval. The primary effort of the 2009 field work will be to focus on the determination and delineation of geologic features in order to draw final conclusions about the project's viability. The elevation of the terrain at the State parcel varies from 7,400' to over 8,200' above sea level. Cold weather and snow accumulation precludes field work for about seven months of the year.

Field work has involved a site investigation of possible access routes for future exploration work using existing roads and jeep trails. Cougar has rock cairns situated at all major property corners designating the boundary of the State parcel.

**TERMS OF PROPOSED PROJECT:**

The primary term of this mineral prospecting permit extension shall be one year. If approved by the Commission, this permit extension will be the second of the two possible extensions allowed by the permit. After February 28, 2010, Commission consideration would be required should the applicant seek to apply for a new permit.

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**ROYALTY:**

Mining is not permissible under this permit. However, if valuable high-grade gold samples are encountered and removed, a royalty shall be paid on the value of the material. Royalty payable under this permit shall be 20 percent of the gross value of the minerals secured from the permitted area and sold, otherwise disposed of or held for sale or other disposition.

**PREREQUISITE CONDITIONS, FEES AND EXPENSES:**

1. Required filing fee and approximate expense deposit have been submitted by the applicant.
2. The subject parcel is not commonly known to contain commercially valuable mineral deposits.
3. Royalty payable under any preferential lease that may be issued in the future shall not be less than ten percent of the gross value of all mineral production from the leased lands, less any charges approved by the Commission made or incurred with regard to transportation or processing of the State's royalty share of production. The determination of royalty charges shall be at the discretion of the Commission and set forth in the lease.

**STATUTORY AND OTHER REFERENCES:**

- A. Paragraph 1 of the Permit.
- B. Public Resources Code, section 6891

**OTHER PERTINENT INFORMATION:**

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), the staff has determined that this activity is exempt from the requirements of the CEQA as a categorically exempt project. The project is exempt under Class 6, Information Collection; Title 2, California Code of Regulations, section 2905 (e)(3).

Authority: Public Resources Code, section 21084 and Title 14, California Code of Regulations, section 15300 and Title 2, California Code of Regulations, section 2905.

2. This activity involves lands which have NOT been identified as possessing significant environmental values pursuant to Public Resources Code

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sections 6370, et seq. However, the Commission has declared that all lands are “significant” by nature of their public ownership (as opposed to “environmentally significant”). Since such declaration of significance is not based upon the requirements and criteria of Public Resources Code section 6370, et. seq., use classifications for such lands have not been designated. Therefore, the finding of the project’s consistency with the use classification as required by Title 2, California Code of Regulations, section 2954 is not applicable.

**APPROVALS OBTAINED:**

Pursuant to Public Resources Code section 6890, the Office of the Attorney General has determined that the prospecting permit is in compliance with applicable provisions of the law.

**EXHIBIT:**

- A. Location Map

**PERMIT STREAMLINING ACT DEADLINE:**

N/A (not a “development project” subject to the Act).

**RECOMMENDED ACTION:**

IT IS RECOMMENDED THAT THE COMMISSION:

**CEQA FINDING:**

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 AS A CATEGORICALLY EXEMPT PROJECT, CLASS 6, INFORMATION COLLECTION; TITLE 2, CALIFORNIA CODE OF REGULATIONS, SECTION 2905 (e)(3).

**AUTHORIZATION:**

1. AUTHORIZE THE EXTENSION OF MINERAL PROSPECTING PERMIT NO. PRC 8742.2 THROUGH FEBRUARY 28, 2010, WITH ALL TERMS AND CONDITIONS OF THE PERMIT TO REMAIN IN FULL FORCE AND EFFECT.
2. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO EXECUTE ANY DOCUMENTS NECESSARY TO IMPLEMENT THE COMMISSION’S ACTION.