

**CALENDAR ITEM
C61**

A 34

10/29/10
PRC 8805.2
V. Perez

S 18

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

APPLICANT:

CPX Uranium, Inc.
Attn.: Mr. Clive R. G. Bailey
3266 W. Galveston Dr. # 101
Apache Junction, AZ 85120

AREA, TYPE LAND AND LOCATION:

Approximately 838 acres (154.57 and 682.5 acres respectively) of adjoining State fee-owned school lands located in the SE/4 of Section 36, T20S, R37E, MDBM and Section 36, T20S, R37.5E, MDBM, Inyo County within the Coso Range (see Exhibit A, attached hereto).

BACKGROUND:

Effective November 1, 2008, the California State Lands Commission (Commission) issued Mineral Prospecting Permit No. PRC 8805.2 to CPX Uranium, Inc. (CPX) to allow prospecting for uranium minerals on approximately 838 acres of State fee-owned school lands. On July 6, 2010, CPX submitted a complete application for a one-year extension to the existing two-year permit.

The permitted exploration consists of two phases: Research and Planning, and Exploration Activities. For Phase I, the applicant compiled information available from the Atomic Energy Commission, California Geological Survey, United States Geological Survey, Bureau of Land Management, and Inyo County. CPX reviewed available data, chip samplings, drilling of the property, and assay reports. CPX has completed Phase I.

CALENDAR ITEM NO. C61 (CONT'D)

Due to budgeting problems, CPX was unable to complete Phase II of the exploration project within the original two-year time frame of the permit, which expires on October 31, 2010. However, CPX has been acquired by American Energy Fields and now has the financial capabilities to complete the exploration. CPX furnished Commission staff detailed information of the progress on Phases I and II and committed to continue with Phase II exploration activities as outlined below.

For Phase II, the applicant will continue to locate and record any drill holes, adits, trenches and pits in the field that were previously developed. No drill holes have been located on State lands to date. A geological map of areas of interest will be compiled, followed by completion of a sampling program with hand tools for offsite assay.

Additionally, CPX will take a bulk sample, not to exceed 1,000 pounds (<1/2 cubic yard), with hand tools for an offsite laboratory leach test. Any existing drill holes that are located will be uncapped and logged with a downhole scintillometer tool, measuring the total depth of the hole, depth to any groundwater and radiation levels at various depths. The condition of the existing drillholes will be recorded, and their exact locations will be documented with Global Positioning System (GPS) instrumentation.

For Phase II, CPX will continue to locate uranium mineralization in the identified target areas and conduct a Potassium-Uranium-Thorium (KUT) spectral survey and/or Trac-etch cups for target areas. A scintillometer survey of surface target areas will be performed to determine levels of radiation leading to ore mineralization. CPX will take chip samples and collect specimens for microscope analysis. Commission staff plans to meet CPX geologists in the field and review their exploration results and anticipated work.

TERMS OF PROPOSED PROJECT:

The primary term of this mineral prospecting permit was for two years. The Commission, in its discretion, may extend the term for one additional period not to exceed one year. In no event shall the term of this permit exceed three years. This one-year extension is the first and only allowable extension after the original two-year term.

CALENDAR ITEM NO. **C61** (CONT'D)

ROYALTY:

Royalty payable under this permit shall be 20 percent of the gross value of the minerals secured from the permitted area and sold or 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 known to contain commercially valuable mineral deposits.
3. Pursuant to Public Resources Code section 6895, royalty payable under any preferential lease issued 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 the 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 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; 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 sections 6370 et. seq. However, the Commission has declared that all lands are "significant" by nature of their public ownership (as opposed to

CALENDAR ITEM NO. **C61** (CONT'D)

“environmentally significant”). Since such declaration of significance is not based upon the requirements and criteria of Public Resources Code Sections 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 had determined that the prospecting permit is in compliance with the applicable provisions of the law.

EXHIBIT:

- A. Site Map

PERMIT STREAMLINING ACT DEADLINE:

N/A.

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

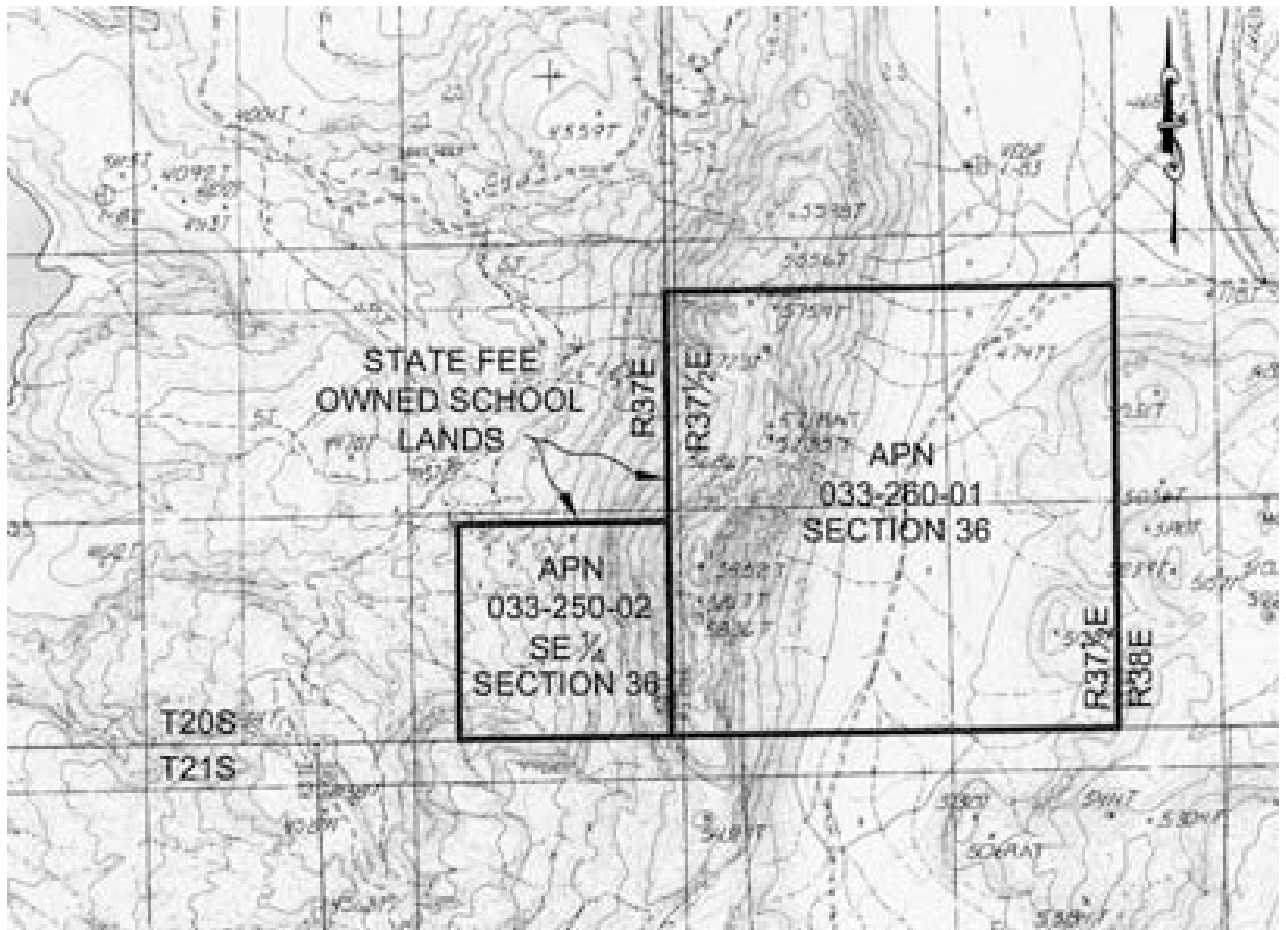
1. Find that the activity is exempt from the requirements of the CEQA pursuant to Title 14, California Code of Regulations, section 15061 as a categorically exempt project, Class 6, Information Collection, Title 2, California Code of Regulations, section 2905(e)(3).

AUTHORIZATION:

1. Authorize the extension of Mineral Prospecting Permit No. PRC 8805.2 through October 31, 2011, 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.

NO SCALE

SITE



STATE SCHOOL LANDS

THE SE 1/4 SECTION 36, TOWNSHIP 20 SOUTH, RANGE 37 EAST AND ALL OF SECTION 36, TOWNSHIP 20 SOUTH, RANGE 37 1/2 EAST, MOUNT DIABLO MERIDIAN

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit A

PRC 8805.2
CPX URANIUM INC.
APNs 033-260-01 &
033-250-02
SOLID MINERAL
PROSPECTING PERMIT
INYO COUNTY



This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.