

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For The Quarterly Period Ended June 30, 2011

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number: **333-56262**

EL CAPITAN PRECIOUS METALS, INC.

(Exact name of registrant as specified in its charter)

NEVADA
(State or other jurisdiction of
incorporation or organization)

88-0482413
(I.R.S. Employer
Identification No.)

15225 North 49th Street
Scottsdale, AZ 85254
(Address of principal executive offices)

(602) 595-4997
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 245,582,461 shares of common stock, par value \$0.001, issued and outstanding as of August 15, 2011.

EL CAPITAN PRECIOUS METALS, INC.
(An Exploration Stage Company)

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

EL CAPITAN PRECIOUS METALS, INC.
(An Exploration Stage Company)

CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30,	September 30,
	2011	2010
ASSETS		
CURRENT ASSETS:		
Cash	\$ 146,725	\$ 955,023
Miscellaneous receivables	1,603	–
Prepaid expenses	22,467	41,903
Total Current Assets	170,795	996,926
Furniture and equipment net of accumulated depreciation of \$33,451 and \$29,222, respectively	4,453	2,950
Investment in El Capitan, Ltd.	–	788,808
Investment in mineral property	178,447,032	–
Notes receivable	25,000	–
Deposits	22,440	22,440
Total Assets	<u>\$ 178,669,720</u>	<u>\$ 1,811,124</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 78,835	\$ 121,956
Accrued liabilities	16,600	343,056
Due to affiliated company	–	28,117
Total Current Liabilities	95,435	493,129
STOCKHOLDERS' EQUITY:		
Preferred stock, \$0.001 par value; 5,000,000 shares authorized; none issued and outstanding	–	–
Common stock, \$0.001 par value; 300,000,000 shares authorized; 244,763,691 and 95,790,069 issued and outstanding, respectively	244,764	95,790
Additional paid-in capital	199,594,183	20,461,702
Deficit accumulated during the exploration stage	(21,264,662)	(19,239,497)
Total Stockholders' Equity	178,574,285	1,317,995
Total Liabilities and Stockholders' Equity	<u>\$ 178,669,720</u>	<u>\$ 1,811,124</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

EL CAPITAN PRECIOUS METALS, INC.
(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF EXPENSES
(Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,		July 26, 2002 (Inception) Through June 30,
	2011	2010	2011	2010	2011
OPERATING EXPENSES:					
Professional fees	\$ 34,400	\$ 67,210	\$ 75,209	\$ 70,193	\$ 3,490,236
Officer compensation expense	-	-	-	-	2,863,833
Administrative consulting fees	65,000	647,000	192,500	716,256	2,103,266
Management fees, related parties	-	-	-	-	320,500
Legal and accounting fees	23,876	27,812	201,456	58,648	1,561,843
Exploration expenses	92,219	58,328	355,669	92,167	2,846,031
Warrant, option and stock compensation expenses	322,440	-	892,085	-	4,968,663
Other general and administrative	54,177	17,894	335,546	58,732	1,579,018
Write-off of accounts payable	-	-	(7,000)	(15,253)	(63,364)
Loss on asset dispositions	-	-	-	-	34,733
	<u>592,112</u>	<u>818,244</u>	<u>2,045,465</u>	<u>980,743</u>	<u>19,704,759</u>
LOSS FROM OPERATIONS	<u>(592,112)</u>	<u>(818,244)</u>	<u>(2,045,465)</u>	<u>(980,743)</u>	<u>(19,704,759)</u>
OTHER INCOME (EXPENSE):					
Interest income	671	52	2,023	52	38,988
Other expenses	-	-	(2,500)	-	(2,500)
Other income	13,574	-	13,574	-	13,574
Forgiveness of debt	-	-	-	-	115,214
Interest expense:					
Related parties	-	-	-	-	(68,806)
Other	-	-	-	(398)	(308,740)
Gain on financial derivative	19,007	-	7,203	-	7,203
Gain (loss) on extinguishment of liabilities	-	-	-	2,459	(222,748)
Accretion of notes payable discounts	-	-	-	-	(1,132,088)
	<u>33,252</u>	<u>52</u>	<u>20,300</u>	<u>2,113</u>	<u>(1,559,903)</u>
NET LOSS	<u>\$ (558,860)</u>	<u>\$ (818,192)</u>	<u>\$ (2,025,165)</u>	<u>\$ (978,630)</u>	<u>\$ (21,264,662)</u>
Basic and diluted net loss per common share	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	
Weighted average number of common shares outstanding	<u>244,580,999</u>	<u>90,881,551</u>	<u>184,602,381</u>	<u>89,582,427</u>	

The accompanying notes are an integral part of these unaudited consolidated financial statements.

EL CAPITAN PRECIOUS METALS, INC.
(An Exploration Stage Company)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)
July 26, 2002 (Inception) through June 30, 2011

	<u>Common Stock Shares</u>	<u>Common Stock Amount</u>	<u>Stock Subscriptions</u>	<u>Additional Paid-in Capital</u>	<u>Deficit Accumulated During the Exploration Stage</u>	<u>Total</u>
Initial Issuance of Common Stock	3,315,000	\$ 3,315	-	\$ (3,306)	\$ -	\$ 9
Net loss	-	-	-	-	(21,577)	(21,577)
Balances at September 30, 2002 (Unaudited)	3,315,000	\$ 3,315	\$ -	\$ (3,306)	\$ (21,577)	\$ (21,568)
Issuance of common stock to Gold and Minerals Company, Inc. in connection with purchase of interests in assets of El Capitan, Ltd. in November 2002	35,685,000	35,685	-	(35,663)	-	22
Acquisition of DML Services, Inc. on March 17, 2003	6,720,000	6,720	-	(56,720)	-	(50,000)
Common stock issued for interest expense related to a note payable	525,000	525	-	16,975	-	17,500
Common stock and warrants issued for services	150,000	150	-	188,850	-	189,000
Common stock issued for compensation	2,114,280	2,115	-	847,885	-	850,000
Issuance of common stock to Gold and Minerals Company, Inc. in connection with purchase of COD property in August 2003	3,600,000	3,600	-	(3,600)	-	-
Net loss	-	-	-	-	(1,561,669)	(1,561,669)
Balances at September 30, 2003 (Unaudited)	52,109,280	\$ 52,110	\$ -	\$ 954,421	\$ (1,583,246)	\$ (576,715)
Cost associated with warrants and options issued	-	-	-	108,000	-	108,000
Common stock issued for compensation	3,650,164	3,650	-	516,350	-	520,000
Common stock issued for services and expenses	2,082,234	2,083	-	393,682	-	395,765
Common stock issued for notes payable	1,827,938	1,827	-	381,173	-	383,000
Beneficial conversion of notes payable	-	-	-	75,000	-	75,000
Common stock issued for acquisition of Weaver property interest in July 2004	3,000,000	3,000	-	(3,000)	-	-
Stock subscriptions	-	-	50,000	-	-	50,000
Net loss	-	-	-	-	(1,314,320)	(1,314,320)
Balances at September 30, 2004 (Unaudited)	62,669,616	\$ 62,670	\$ 50,000	\$ 2,425,626	\$ (2,897,566)	\$ (359,270)
Subscribed stock issued	200,000	200	(50,000)	49,800	-	-
Common stock issued for services	2,290,557	2,290	-	1,254,245	-	1,256,535
Common stock sold in private placement	3,865,000	3,865	-	1,785,272	-	1,789,137
Common stock issued for notes payable	383,576	384	-	153,042	-	153,426
Beneficial conversion of notes payable	-	-	-	21,635	-	21,635
Cost associated with warrants and options issued	-	-	-	149,004	-	149,004
Discounts on notes payable	-	-	-	113,448	-	113,448
Net loss	-	-	-	-	(3,244,841)	(3,244,841)
Balances at September 30, 2005 (Unaudited)	69,408,749	\$ 69,409	\$ -	\$ 5,952,072	\$ (6,142,407)	\$ (120,926)

(Continued)

The accompanying notes are an integral part of these unaudited consolidated financial statements.

EL CAPITAN PRECIOUS METALS, INC.
(An Exploration Stage Company)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)
July 26, 2002 (Inception) through June 30, 2011

	<u>Common Stock Shares</u>	<u>Common Stock Amount</u>	<u>Stock Subscriptions</u>	<u>Additional Paid-in Capital</u>	<u>Deficit Accumulated During the Exploration Stage</u>	<u>Total</u>
Common stock issued for services	310,000	310	–	274,690	–	275,000
Common stock sold in private placement	2,189,697	2,190	–	1,158,775	–	1,160,965
Common stock issued for notes payable	2,124,726	2,125	–	1,147,875	–	1,150,000
Beneficial conversion of note payable	–	–	–	128,572	–	128,572
Discounts on issuance of convertible notes payable	–	–	–	1,018,640	–	1,018,640
Cost associated with warrants and options issued	–	–	–	163,750	–	163,750
Common stock issued for exercise of options and warrants	498,825	499	–	256,251	–	256,750
Common stock issued for compensation	364,912	364	–	286,772	–	287,136
Provision for deferred income tax related to a timing difference on debt discount	–	–	–	(80,322)	–	(80,322)
Net loss	–	–	–	–	(4,041,802)	(4,041,802)
Balances at September 30, 2006 (Unaudited)	74,896,909	\$ 74,897	\$ –	\$ 10,307,075	\$ (10,184,209)	\$ 197,763
Stock issued for conversion of notes payable	1,500,000	1,500	–	748,500	–	750,000
Common stock sold in private placement	50,000	50	–	24,950	–	25,000
Common stock sold by the exercise of warrants and options	2,258,000	2,258	–	1,121,742	–	1,124,000
Common stock issued for compensation	966,994	968	–	604,583	–	605,551
Reverse provision for deferred income tax related to timing difference on debt discount	–	–	–	80,322	–	80,322
Common stock issued for services	80,216	81	–	52,325	–	52,406
Cost associated with warrants and options issued	–	–	–	2,249,475	–	2,249,475
Net loss	–	–	–	–	(4,437,775)	(4,437,775)
Balances at September 30, 2007	79,752,119	\$ 79,754	\$ –	\$ 15,188,972	\$ (14,621,984)	\$ 646,742
Common stock sold in private placement	300,000	300	–	149,700	–	150,000
Common stock issued for exercise of cashless warrants	12,000	12	–	(12)	–	–
Common stock sold by the exercise of warrants and options	1,257,500	1,257	–	176,568	–	177,825
Common stock issued for compensation	1,637,356	1,637	–	358,774	–	360,411
Common stock issued for services	3,213,150	3,212	–	662,035	–	665,247
Warrant and option expense	–	–	–	1,156,590	–	1,156,590
Net loss	–	–	–	–	(2,387,483)	(2,387,483)
Balances at September 30, 2008	86,172,125	\$ 86,172	\$ –	\$ 17,692,627	\$ (17,009,467)	\$ 769,332

(Continued)

The accompanying notes are an integral part of these unaudited consolidated financial statements.

EL CAPITAN PRECIOUS METALS, INC.
(An Exploration Stage Company)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)
July 26, 2002 (Inception) through June 30, 2011

	<u>Common Stock Shares</u>	<u>Common Stock Amount</u>	<u>Stock Subscriptions</u>	<u>Additional Paid-in Capital</u>	<u>Deficit Accumulated During the Exploration Stage</u>	<u>Total</u>
Common stock issued for services	1,127,744	1,127	–	95,205	–	96,332
Common stock sold by the exercise of warrants and options	725,000	725	–	35,525	–	36,250
Common stock issued for compensation	562,500	563	–	44,437	–	45,000
Warrant and option expense	–	–	–	249,759	–	249,759
Net loss	–	–	–	–	(953,501)	(953,501)
Balances at September 30, 2009	88,587,369	\$ 88,587	\$ –	\$ 18,117,553	\$ (17,962,968)	\$ 243,172
Common stock issued for services	525,000	525	–	180,975	–	181,500
Conversion of accounts payable and accrued liabilities to equity	346,399	347	–	30,829	–	31,176
Common stock issued for compensation	2,075,927	2,076	–	647,234	–	649,310
Sale of common stock	4,255,374	4,255	–	1,485,111	–	1,489,366
Net loss	–	–	–	–	(1,276,529)	(1,276,529)
Balances at September 30, 2010	95,790,069	\$ 95,790	\$ –	\$ 20,461,702	\$ (19,239,497)	\$ 1,317,995
Sale of common stock	44,626	45	–	15,574	–	15,619
Common stock sold by the exercise of warrants	366,667	366	–	212,301	–	212,667
Shares issued for acquisition of Gold and Minerals Company, Inc.	148,127,043	148,127	–	177,604,325	–	177,752,452
Stock issuance costs for the acquisition	–	–	–	(32,324)	–	(32,324)
Common stock issued for services	103,000	103	–	111,837	–	111,940
Option expense	–	–	–	892,085	–	892,085
Common stock issued under settlement agreement	332,285	333	–	328,682	–	329,015
Merger rounding share issued	1	–	–	1	–	1
Net loss	–	–	–	–	(2,025,165)	(2,025,165)
Balances at June 30, 2011 (Unaudited)	244,763,691	\$ 244,764	\$ –	\$ 199,594,183	\$ (21,264,662)	\$178,574,285

The accompanying notes are an integral part of these unaudited consolidated financial statements.

EL CAPITAN PRECIOUS METALS, INC.
(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended June 30,		July 26, 2002 (Inception) Through June 30, 2011
	2011	2010	2011
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (2,025,165)	\$ (978,630)	\$ (21,264,662)
Adjustments to reconcile net loss to net cash used in operating activities:			
Warrant and option expense	892,085	–	4,968,663
Beneficial conversion feature of notes payable	–	–	225,207
Non-cash expense with affiliate	–	–	7,801
Stock-based compensation	111,940	742,810	6,541,133
Non-cash merger related cost	1	–	1
Accretion of discount on notes payable	–	–	1,132,088
Loss on sale of fixed assets	–	–	34,733
Write-off accounts payable and accrued interest	(7,000)	(15,253)	(63,364)
(Gain) on financial derivative	(7,203)	–	(7,203)
Forgiveness of debt	–	–	(115,214)
Gain on conversion of debt	–	(2,459)	(2,459)
Provision for uncollectible note receivable	–	–	62,500
Non-cash litigation expense	214,642	–	214,642
Depreciation	4,229	4,295	78,850
Changes in operating assets and liabilities:			
Miscellaneous receivable	(1,583)	–	3,280
Interest receivable	–	–	(13,611)
Prepaid expenses and other current assets	23,636	14,349	(20,740)
Expense advances on behalf of affiliated company	(28,117)	100,306	(562,990)
Accounts payable	(49,224)	23,076	88,255
Accounts payable - related party	–	–	364
Accrued liabilities	(259,303)	10,063	236,906
Interest payable, other	–	–	49,750
Net Cash Used in Operating Activities	(1,131,062)	(101,443)	(8,406,070)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property interest	–	–	(100,000)
Purchase of furniture and equipment	(600)	–	(148,740)
Sale of fixed assets	–	–	32,001
Deposits	–	–	(22,440)
Issuance of notes receivable	–	–	(249,430)
Cash received in acquisition of Gold and Minerals Co., Inc.	89,902	–	89,902
Costs associated acquisition share issuance	(32,324)	–	(32,324)
Payments on notes receivable	37,500	–	104,430
Cash paid in connection with acquisition of DML Services, Inc.	–	–	(50,000)
Net Cash Provided by (Used in) Investing Activities	94,478	–	(376,601)

(Continued)

The accompanying notes are an integral part of these unaudited consolidated financial statements.

EL CAPITAN PRECIOUS METALS, INC.
(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended June 30,		July 26, 2002 (Inception) Through June 30, 2011
	2011	2010	2011
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from the sale of common stock	15,619	402,851	4,961,591
Costs associated with the sale of stock	–	–	(19,363)
Proceeds from notes payable, related parties	–	–	219,900
Proceeds from warrant exercise	212,667	–	1,550,742
Proceeds from notes payable, other	–	–	2,322,300
Increase in finance contracts	–	–	117,479
Repayment of notes payable, related parties	–	–	(61,900)
Payments on finance contracts	–	(7,913)	(117,479)
Repayment of notes payable, other	–	–	(43,874)
Net Cash Provided by Financing Activities	<u>228,286</u>	<u>394,938</u>	<u>8,929,396</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(808,298)	293,495	146,725
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>955,023</u>	<u>2,348</u>	<u>–</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 146,725</u>	<u>\$ 295,843</u>	<u>\$ 146,725</u>
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid for interest	\$ –	\$ 398	\$ 172,917
Cash paid for income taxes	–	–	–
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Fixed assets disposed for accrued liabilities	\$ –	\$ –	\$ 1,991
Issuance of common stock to Gold and Minerals Company, Inc. in connection with the purchase of interest in El Capitan, Ltd.	–	–	8
Issuance of common stock to Gold and Minerals Company, Inc. in connection with the purchase of the COD property	–	–	3,600
Issuance of common stock to Gold and Minerals Company, Inc. in connection with the purchase of the Weaver property	–	–	3,000
Net non-cash advances from affiliated company	–	–	562,990
Notes payable and accrued interest converted to equity	–	–	2,495,544
Accounts payable and accrued liabilities converted to equity	–	31,176	31,176
Issuance of common stock to former Company officers	329,015	–	329,015
Issuance of common stock to Gold and Minerals Company, Inc. stockholders in connection with the merger of Gold and Minerals Company, Inc.	177,752,452	–	177,752,452

The accompanying notes are an integral part of these unaudited consolidated financial statements.

EL CAPITAN PRECIOUS METALS, INC.
(An Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited interim financial statements of El Capitan Precious Metals, Inc. (“El Capitan” or the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States of America, pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”) for interim financial information. Accordingly, the financial statements do not include all information and footnotes required by generally accepted accounting principles in the United States (“GAAP”) for complete annual financial statements. In the opinion of management, the accompanying unaudited condensed interim financial statements reflect all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation. Interim operating results are not necessarily indicative of results that may be expected for the year ending September 30, 2011, or for any subsequent period. These interim financial statements should be read in conjunction with the Company’s audited financial statements and notes thereto for the year ended September 30, 2010, included in the Company’s Annual Report on Form 10-K, filed January 13, 2011. The consolidated balance sheet at September 30, 2010, has been derived from the audited financial statements included in the 2010 Annual Report.

Notes to the financial statements which would substantially duplicate the disclosure contained in the audited financial statements for fiscal 2010 as reported in the Form 10-K have been omitted. Certain prior year amounts have been reclassified to conform to the current year presentation.

Principles of Consolidation

With the acquisition of Gold and Minerals Company, Inc. (“Minerals”), the Company also became the 100% owner of EL Capitan, LTD. (“ECL”). Prior to the acquisition of Minerals, the Company owned a 40% interest in ECL, and Minerals owned the remaining 60% interest in ECL. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries El Capitan Precious Metals, Inc., a Delaware corporation; Minerals, a Nevada corporation; and ECL, an Arizona corporation. All significant inter-company accounts and transactions have been eliminated in consolidation.

New Accounting Pronouncements

Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (Topic 820)—Fair Value Measurement (ASU 2011-04), to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and International Financial Reporting Standards. This new guidance results in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between IFRS and U.S. GAAP. ASU 2011-04 changes certain fair value measurement principles and enhances the disclosure requirements particularly for level 3 fair value measurements. The amendments are effective for interim and annual periods beginning after December 15, 2011. The Company does not expect the adoption of this updated authoritative guidance to have a material impact on its consolidated financial statement disclosures.

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In June 2011, the FASB issued Accounting Standards Update No. 2011-05, Comprehensive Income (Topic 220)—Presentation of Comprehensive Income (ASU 2011-05), to require an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. ASU 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of equity. Under both alternatives, companies will be required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. In the single continuous statement approach, the guidance requires the entity to present the components of net income and total net income, the components of other comprehensive income and a total for other comprehensive income, along with the total of comprehensive income in that statement. In the two-statement approach, the income statement will be followed immediately by the statement of other comprehensive income, which will include the amount for total comprehensive income. This updated authoritative guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company does not expect the adoption of this updated authoritative guidance to have an impact on its consolidated financial statement disclosures.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

NOTE 2 – ACQUISITION

On January 18, 2011, at a Special Meeting of the Stockholders of Gold and Minerals Company, Inc. (“Minerals”), the Merger of Minerals into the Company’s wholly owned subsidiary MergerCo, was approved by the Minerals shareholders. The Articles of Merger were filed with and recorded by the State of Nevada on January 19, 2011, and the merger became effective on that date under Nevada law. Under the Merger provisions, holders of Minerals capital stock received El Capitan common stock in exchange for their shares of Minerals capital stock. Minerals stockholders received an aggregate of approximately 148,127,043 shares of El Capitan common stock in exchange for all of the outstanding shares of Minerals capital stock held immediately prior to the effectiveness of the Merger. Each share of Minerals common and preferred stock received approximately 1.414156 shares, as rounded to the nearest six (6) decimal places, of El Capitan common stock upon the exchange of Minerals stock. Minerals stockholders did not receive fractional shares of El Capitan common stock, but instead received one whole share for a fractional share after all of a Minerals stockholder’s shares were combined and converted into shares of El Capitan common stock. Most of these El Capitan shares issued have restrictions limiting their transfer during the first 90 days after the Merger, as well as the first year after the Merger. The Company now owns 100% of the Capitan property site and will continue its deployment of business strategies for the sale of the property.

The aggregate purchase price was \$177,752,452 and consisted of common stock of the Company and valued at the market closing price on the date of the acquisition. The fair value of the consideration transferred, the assets acquired and the liabilities assumed are set forth in the following table:

Consideration:	
Common stock issued to Gold and Minerals Company, Inc. stockholders	<u>\$ 177,752,452</u>
Allocation of purchase price:	
Cash	\$ 89,902
Notes receivable	62,500
Accrued note receivable interest	21
Prepaid expenses	4,200
Field equipment	5,132
Investment in mineral property	177,658,224
Accounts payable	(14,103)
Accrued professional fees	(17,491)
Accrued interest	(1,566)
Accrued preferred dividends	(34,367)
Total net assets acquired	<u>\$ 177,752,452</u>

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The notes receivable acquired in the acquisition bear interest at 6% per annum and mature December 31, 2012. During the quarter ended June 30, 2011, the Company collected \$37,500 of the notes receivable.

The results of this acquisition are included in the consolidated financial statements from the date of acquisition. The following table presents the pro forma statement of expenses obtained by combining the historical consolidated expenses of the Company and Minerals for the fiscal years ended September 30, 2010 and 2009, giving effect to the merger as if it occurred on the first day of fiscal year 2010 and 2009. During the quarter ended June 30, 2011, the Company collected \$37,500 of the notes receivable.

	Unaudited Pro Forma Combined	
	For the Years Ended	
	September 30,	
	2010	2009
Revenues	\$ –	\$ –
Net Loss	(1,681,946)	(1,085,562)
Loss per common share – basic and diluted	\$ (0.01)	\$ (0.00)
Basic and diluted weighted average of common shares outstanding	239,099,109	236,131,319

NOTE 3 – DERIVATIVE FINANCIAL INSTRUMENT

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks.

The Company reviews the terms of financing arrangements to determine whether there are embedded derivative instruments, including embedded conversion options that are required to be bifurcated and accounted for separately as a derivative financial instrument. Also, in connection with the issuance of financing instruments, the Company may issue freestanding options or warrants that may, depending on their terms, be accounted for as derivative instrument liabilities, rather than as equity. The Company may also issue options or warrants to non-employees in connection with consulting or other services.

Derivative financial instruments are initially measured at their fair value. For derivative financial instruments that are accounted for as liabilities, the derivative instruments are initially recorded at their fair values and are then re-valued at each reporting date, with changes in the fair values reported as charges or credits to income. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is reassessed at the end of each reporting period. If reclassification is required, the fair value of the derivative instrument, as of the determination date, is reclassified. Any previous charges or credits to income for changes in the fair value of the derivative instrument are not reversed. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within twelve months of the balance sheet date.

On March 17, 2011, in connection with a settlement agreement with two former officers of the Company, the Company agreed to pay \$322,500 of the settlement in shares of common stock to be issued in four monthly installments based on the volume weighted average closing price of the Company's common stock for the twenty days preceding the each issuance date of the shares. The Company evaluated the instrument under FASB ASC 815-15 and determined that it is required to be accounted for as a derivative due to the number of shares to be issued in the future not being determinable. The fair market value of the derivative instrument at March 31, 2011 was determined to be \$348,022 based upon the closing price of the Company's common stock on that date. Through June 30, 2011, the share settlement obligation was fulfilled through the issuance of 332,285 common shares and the fair market value of the derivative instrument was determined to be \$-0- as of June 30, 2011 resulting in a gain on derivative liability of \$7,203 for the nine months ended June 30, 2011.

Fair value measurement

The Company values its derivative instruments under FASB ASC 820 which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. As defined in ASC 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Company classifies fair value balances based on the observability of those inputs. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

The three levels of the fair value hierarchy defined by ASC 820 are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives, marketable securities and listed equities.

Level 2 – Pricing inputs are other than quoted prices in active markets included in level 1, which are either directly or indirectly observable as of the reported date.

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management’s best estimate of fair value.

The Company uses Level 1 to value its derivative instruments.

The following table sets forth by level with the fair value hierarchy the Company’s financial assets and liabilities measured at fair value on June 30, 2011.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
None	\$ –	\$ –	\$ –	\$ –
Liabilities				
Derivative financial instruments	\$ –	\$ –	\$ –	\$ –

NOTE 4 – STOCKHOLDERS’ EQUITY

Issuances of Common Stock, Warrants and Options

Common Stock

During the period October 1, 2010, through November 11, 2010, the Company issued 44,626 shares of restricted common stock at \$0.35 per share to an accredited investor, as the term is defined by SEC Rule 501, and a non-accredited investor, in the aggregate amount of \$15,619.

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These sales were made pursuant to a private placement of securities under Section 4(2) and Rule 506 promulgated under the Securities Act and without public solicitation. There were no underwriting discounts or commissions paid on these sales of securities.

On January 18, 2011, warrants were exercised for 366,667 shares of common stock at \$0.58 per share and the Company received cash proceeds of \$212,667.

On January 19, 2011, the Company issued 148,127,043 shares of common stock valued at \$1.20, the closing price on the date of issuance, for a total value of \$177,752,452 for the acquisition of Gold and Minerals Company, Inc. A significant portion of the shares were under trading restrictions as provided for in the Merger Agreement and the restrictions are removed quarterly over the twelve months following the merger date. The Company incurred issuance costs of \$32,324 associated with this acquisition.

On January 20, 2011, the Company issued 100,000 shares of S-8 common stock pursuant to our 2005 Stock Incentive Plan for outside consulting services valued at \$109,000, the value of the closing price of the stock on the date of issuance.

On February 11, 2011, the Company issued 3,000 shares of S-8 common stock pursuant to our 2005 Stock Incentive Plan for outside consulting services valued at \$2,940, the value of the closing price of the stock on the date of issuance.

On April 1, 2011, the Company issued 64,450 shares of S-8 common stock at a value of \$82,496 based upon the closing price on the date of issuance as provided for under the settlement agreement with two former officers of the Company.

On May 2, 2011, the Company issued 76,910 shares of S-8 common stock at a value of \$76,910 based upon the closing price on the date of issuance as provided for under the settlement agreement with two former officers of the Company.

On May 13, 2011, Company issued one (1) rounding share of common stock to a Minerals stockholder at a value of \$0.80 based upon the closing price on the date of issuance as provided for under the Merger Agreement with Minerals.

On May 31, 2011, the Company issued 98,084 shares of S-8 common stock at a value of \$81,410 based upon the closing price on the date of issuance as provided for under the settlement agreement with two former officers of the Company.

On June 30, 2011, the Company issued 92,841 shares of S-8 common stock at a value of \$88,199 based upon the closing price on the date of issuance as provided for under the settlement agreement with two former officers of the Company.

Warrants

During the nine months ended June 30, 2011, 500,000 warrants at an exercise price of \$0.60 expired and 366,667 warrants at an adjusted exercise price of \$0.58 were exercised.

During the nine months ended June 30, 2011, the Company did not issue any warrants. The following table sets forth certain terms of the Company's outstanding warrants and exercisable warrants as of June 30, 2011.

	<u>Warrants Outstanding</u>		<u>Warrants Exercisable</u>	
	<u>Number of Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Number of Shares</u>	<u>Weighted Average Exercise Price</u>
Balance, September 30, 2010	866,667	\$ 0.60	866,667	\$ 0.60
Granted	—	—	—	—
Expired/Cancelled	(500,000)	\$(0.60)	(500,000)	\$(0.60)
Exercised	(366,667)	\$(0.58)	(366,667)	\$(0.58)
Balance, June 30, 2011	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Options

On February 7, 2011, the three Directors of the Company were each awarded a two-year 500,000 share stock option at an exercise price of \$1.02 per share. The options vest on April 30, 2011, and have a cashless exercise provision. The fair value of the options was determined to be \$892,085 using the Black-Scholes option pricing model and \$569,645 was expensed as stock-based compensation during the quarter ended March 31, 2011 and the remaining \$322,440 was expensed in the quarter ended June 30, 2011. The significant assumptions used in the valuation were: the exercise price noted above, the market value of the Company's common stock on February 7, 2011, \$1.02, expected volatility of 144.58%, risk free interest rate of 0.78% and an expected term of 1.25 years.

During the nine months ended June 30, 2011, the Company cancelled 1,500,000 options at an exercise price of \$0.14 and 100,000 at an exercise price of \$0.56.

The following table sets forth certain terms of the Company's outstanding options and exercisable options as of June 30, 2011:

	Options Outstanding		Options Exercisable	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, September 30, 2010	2,550,000	\$ 0.31	2,550,000	\$ 0.31
Granted	1,500,000	\$ 1.02	1,500,000	\$ 1.02
Exercised	–	–	–	–
Expired/Cancelled	(1,600,000)	\$(0.17)	(1,600,000)	\$(0.17)
Balance, June 30, 2011	<u>2,450,000</u>	\$ 0.84	<u>2,450,000</u>	\$ 0.84
Weighted average contractual life in years	2.57		2.57	
Aggregate intrinsic value	\$ 370,500		\$ 370,500	

The intrinsic value of each option or warrant share is the difference between the fair market value of the common stock and the exercise price of such option or warrant share to the extent it is "in-the-money." Aggregate intrinsic value represents the pretax value that would have been received by the holders of in-the-money options had they exercised their options on the last trading day of the quarter and sold the underlying shares at the closing stock price on such day. The intrinsic value calculation is based on the \$0.95 closing stock price of the Company's common stock on June 30, 2011. In-the-money options vested and exercisable aggregated 950,000. The intrinsic value amounts change based on the market price of the Company's stock.

The Company has a 2005 Stock Incentive Plan under which 16,000,000 shares are reserved and registered for stock and option grants. There were 2,019,469 shares available for grant under the Plan at June 30, 2011, excluding the 2,450,000 options outstanding.

NOTE 5 – SUBSEQUENT EVENTS

On July 11, 2011, the Company entered into an Equity Purchase Agreement (the "Agreement") with Southridge Partners II, LP ("Southridge"), pursuant to which the Company may from time to time, in its discretion, sell newly-issued shares of its common stock to Southridge for aggregate gross proceeds of up to \$5,000,000. Unless terminated earlier, Southridge's purchase commitment will automatically terminate on the earlier of July 11, 2013 or the date on which aggregate purchases by Southridge under the Agreement total \$5,000,000. The Company has no obligation to sell any shares under the Agreement.

Southridge will have no obligation to purchase shares under the Agreement to the extent that such purchase would cause Southridge to own more the 9.99% of the Company's common stock.

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For each share of the Company's common stock purchased under the Agreement, Southridge will pay 94.0% of the Market Price, which is defined as the average of the two lowest closing bid prices on the Over-the-Counter Bulletin Board, as reported by Bloomberg Finance L.P., during the five trading days following the put notice (the "Valuation Period"). After the expiration of the Valuation Period, Southridge will purchase the applicable number of shares subject to customary closing conditions.

The Agreement contains covenants, representations and warranties of the Company and Southridge that are typical for transactions of this type. In addition, the Company and Southridge have granted each other customary indemnification rights in connection with the Agreement. The Agreement may be terminated by the Company at any time. Details of the Agreement may be found in the Company's 8-K filing with the Securities and Exchange Commission on July 12, 2011. Concurrently with the execution of the Agreement on July 11, 2011, the Company issued 80,000 restricted shares of its common stock at a value of \$64,000 based upon the closing price of the stock, to Southridge as consideration for entry into the Agreement.

On July 19, 2011, pursuant to the terms and conditions of the Agreement, the Company sold 738,770 shares of common stock at \$0.68 per share for cash proceeds of \$500,000.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following management discussion and analysis of our financial condition and results of operation should be read in conjunction with our unaudited interim consolidated financial statements and related notes which are included in Item 1 of this Quarterly Report on Form 10-Q and with our audited financial statements and the "Risk Factors" section included in our Form 10-K for the year ended September 30, 2010.

Cautionary Statement on Forward-Looking Statements

This Form 10-Q may contain certain "forward-looking" statements as such term is defined by the Securities and Exchange Commission in its rules, regulations and releases, which represent the registrant's expectations or beliefs, including but not limited to, statements concerning the registrant's operations, economic performance, financial condition, growth and acquisition strategies, investments, and future operational plans. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the generality of the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "intent," "could," "estimate," "might," "plan," "predict" or "continue" or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, certain of which are beyond the Company's control, and actual results may differ materially depending on a variety of important factors, including uncertainty related to acquisitions, governmental regulation, managing and maintaining growth, the operations of the Company and its subsidiaries, volatility of stock price, commercial viability of any mineral deposits and any other factors discussed in this and other filings of the Company with the Securities and Exchange commission. The Company does not intend or undertake to update the information in this Form 10-Q if any forward-looking statement later turns out to be inaccurate. The following should be read in conjunction with the information presented in the Company's Annual Report on Form 10-K for the year ended September 30, 2010.

Company Overview

El Capitan Precious Metals, Inc. (hereinafter, the "Company," "we" or "our") is a precious minerals company based in Scottsdale, Arizona. We are an exploration stage company that owns interests in several properties located in the southwestern United States. We are principally engaged in the exploration of precious metals and other minerals. Our primary asset is the 100% equity interest in El Capitan, Ltd., an Arizona corporation, which holds an interest in the El Capitan property located near Capitan, New Mexico. Additionally, our assets include interests in the COD property located near Kingman, Arizona. There is no assurance that a commercially viable mineral deposit exists on any of our properties. Additional exploration will be required before a final evaluation can be made as to the economic and legal feasibility of any particular property. To date, we have not had any revenue producing operations.

Financial Condition, Liquidity and Capital Resources

In November, 2010, we completed our private placement of 4.3 million shares of restricted Rule 144 common stock at \$0.35 per share. The private placement generated cash proceeds aggregating \$1,504,986, net of wire fees. The funding was be utilized for working capital for payments of the continued implementation of our business strategies, necessary corporate personnel, and related general and administrative expenses.

On January 18, 2011, a warrant holder exercised 366,667 warrants at an exercise price at \$0.58 a share and we received net cash proceeds of \$212,667.

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On January 19, 2011, the acquisition of Gold and Minerals Company, Inc. (“Minerals”) became effective. The completion of the Merger gives the Company 100% ownership of the El Capitan property in New Mexico. As a result of the merger, the Company acquired \$89,902 in cash and notes receivable and accrued interest aggregating \$62,521, and was offset by assuming \$67,527 in accounts payable and accrued liabilities.

On February 17, 2011, we finalized a confidential Settlement Agreement and Mutual Release (the “Settlement”) that dismissed our lawsuit against two former officers of the Company. The Settlement provided for a cash payment aggregating \$177,500 and the issuance of \$322,500 in shares of common stock to be issued in four monthly installments based on the volume weighted average closing price of the Company’s common stock for the twenty days preceding the each issuance date of the shares. The obligations under the Settlement Agreement were fulfilled on June 30, 2011.

As of June 30, 2011, we had cash on hand aggregating \$143,725 and an accumulated deficit of \$21,264,662.

On July 11, 2011, we entered into an Equity Purchase Agreement (the “Agreement”) with Southridge Partners II, LP (“Southridge”), pursuant to which the Company may from time to time, in its discretion, sell newly-issued shares of its common stock to Southridge for aggregate gross proceeds of up to \$5,000,000. Unless terminated earlier, Southridge’s purchase commitment will automatically terminate on the earlier of July 11, 2013 or the date on which aggregate purchases by Southridge under the Agreement total \$5,000,000. The Company has no obligation to sell any shares under the Agreement.

Southridge will have no obligation to purchase shares under the Agreement to the extent that such purchase would cause Southridge to own more than 9.99% of the Company’s common stock. For each share of our common stock purchased under the Agreement, Southridge will pay 94.0% of the Market Price, which is defined as the average of the two lowest closing bid prices on the Over-the-Counter Bulletin Board, as reported by Bloomberg Finance L.P., during the five trading days following the put notice (the “Valuation Period”). After the expiration of the Valuation Period, Southridge will purchase the applicable number of shares subject to customary closing conditions.

The Agreement contains covenants, representations and warranties of the Company and Southridge that are typical for transactions of this type. In addition, the Company and Southridge have granted each other customary indemnification rights in connection with the Agreement. The Agreement may be terminated by the Company at any time. Details of the Agreement may be found in the Company’s 8-K filing with the Securities and Exchange Commission on July 12, 2011. Concurrently with the execution of the Agreement, the Company issued 80,000 restricted shares of its common stock to Southridge as consideration for entry into the Agreement.

On July 19, 2011, pursuant to the terms and conditions of the Equity Purchase Agreement, the Company sold 738,770 shares of common stock at \$0.68 per share for cash proceeds of \$500,000.

The Company expects that the Agreement will provide the Company with adequate funding to sustain its planned operations and provide a source of funds for the final phases its business plan strategy. At this time the Company plans to utilize the funds for the finalization of the recovery process project for the El Capitan deposit, complete any additional exploration and metallurgical efforts that may be required on the El Capitan project, necessary corporate personnel and general and administrative operating costs and expenses to be incurred in the marketing of the El Capitan site.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2011 Compared to Three Months Ended June 30, 2010

Revenues

We have not yet realized any revenue from operations, nor do we expect to realize potential revenues until our property is sold or a joint venture is entered into for development and deployment of the El Capitan site. There is no guarantee that we will achieve proven commercially viable recovery of precious metals at the El Capitan site.

Expenses

Our operating expenses decreased \$226,132 from \$818,244 for the three months ended June 30, 2010 to \$592,112 for the three months ended June 30, 2011. The decrease is mainly attributable to decreased expenses in administrative consulting fees of \$582,000 and in professional fees of \$32,810 for the current period of measurement. These decreases were offset by increased exploration expenses of \$33,891; warrant and option costs of \$322,440; and other general and administrative of \$36,283. The decrease in administrative consulting fees is mainly attributable to recognized costs of compensation issued to the board of directors and officers of the Company during the three months ended June 30, 2010, with an aggregate total of \$605,000. The decrease in professional fees was attributable to investor relations costs incurred of \$68,000 during the quarter ended June 30, 2010 and none incurred in the current period of measurement. The increase in exploration costs is due to increased expenditures on the recovery process research. Warrant and option costs increase is a result of amortizing the balance of the option costs related to options issued to the directors of the Company during their vesting period. The increase in other general and administrative is attributable to costs associated with our stockholders meeting aggregating \$27,313; increased web site maintenance of \$3,037 and travel and lodging costs of \$2,992.

Other Income and Expense

Other income increased \$33,200 for the quarter ended June 30, 2011, from \$52 for the quarter ended June 30, 2010, to \$33,252. The increase is mainly attributable to the sale of a direct smelt dore bar for \$13,574 and a non-cash gain on a financial derivative of \$19,007.

Net Loss

Our net loss for the three months ended June 30, 2011 decreased to \$558,860 from a net loss of \$818,192 incurred for the comparable three month period ended June 30, 2010. The decrease in net loss of \$259,332 for the current period is attributable to the aforementioned decreases in operating expenses and an increase in the current period other income.

Nine Months Ended June 30, 2011 Compared to Nine Months Ended June 30, 2010

Revenues

We have not yet realized any revenue from operations, nor do we expect to realize potential revenues until our property is sold or a joint venture is entered into for development and deployment of the El Capitan site. There is no guaranty that we will achieve proven commercially viable recovery of precious metals at the El Capitan site.

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Expenses

Our operating expenses increased \$1,064,722 from \$980,743 for the nine months ended June 30, 2010 to \$2,045,465 for the nine months ended June 30, 2011. The increase is mainly attributable to increased exploration expenses of \$263,502, of which \$109,000 consisted of non-cash stock compensation for precious metals recovery research; legal and accounting of \$142,808; professional fees of \$5,016; warrant and option costs of \$892,085; and other general and administrative of \$276,814. These increases were offset by a decrease of \$523,756 administrative consulting fees. Exploration expense increases were mainly attributable to increased costs incurred for recovery process research aggregating \$151,227, including the non-cash stock compensation, increased mine consulting of \$49,619 and increased assay costs of \$66,243. Legal and accounting increases are attributable to non-recurring costs associated with the S-4 and S-3 Registration Statements, related Proxy Statement filing regarding the Company's acquisition of Minerals as a wholly owned subsidiary; preparation of a post-effective amendment of a registration statement regarding the exercise of warrants; preparation of the Proxy Statement for our Annual Stockholders Meeting; and the final legal and related costs associated with Settlement with two former officers of the Company. The increase in warrant and option costs is related to the Black-Scholes costs associated with stock options issued to the directors of the Company in the current period of measurement. The increase in other general and administrative consisted mainly of a non-cash charge of \$214,642 related to the settlement with two former officers; transfer agent fees of \$17,315; travel and entertainment of \$10,873; stockholder meeting costs of \$27,313; and filing fees aggregating \$7,340. These increases were offset by a decrease in web site maintenance of \$12,043. The decrease in administrative consulting fees is due to stock bonuses issued to the directors and officers of the Company aggregating \$605,000 for the nine months ended June 30, 2010 and is offset in the nine month period ending June 30, 2011 with increased compensation for an additional consultant for investor relations.

Other Income and Expense

Other income increased \$18,187 for the nine months ended June 30, 2011, from \$2,113 for the nine months ended June 30, 2010, to \$20,300. The increase is mainly attributable to the sale of a direct smelt dore bar for \$13,574 and a non-cash gain on a financial derivative of \$7,203.

Net Loss

Our net loss for the nine months ended June 30, 2011 increased to \$2,025,165 from a net loss of \$978,630 incurred for the comparable nine month period ended June 30, 2010. The increase in net loss of \$1,046,535 for the current period is attributable to the aforementioned increases in operating expenses and offset by increase in the current period other income.

Factors Affecting Future Operating Results

We have generated no revenues, other than interest income and nominal revenue from the sale of a direct smelt dore bar, since inception. As a result, we have only a limited operating history upon which to evaluate our future potential performance. Our potential must be considered by evaluation of all risks and difficulties encountered by exploration companies which have not yet established business operations.

The price of gold and other precious metals has experienced an increase in value over the past three years. Any significant drop in the price of gold, other precious metals or iron ore prices may have a materially adverse affect on our ability to market the sale of the El Capitan property site and/or the future results of potential operations at such site unless we are able to offset such a price drop by substantially decreased costs of extraction and/or production.

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We currently are continuing to have geological and metallurgical work performed on samples from our site and finalizing the development of an economically feasible precious metals recovery process developed by an outside metallurgical firm for our El Capitan ore. The research is still in process at June 30, 2011, and we anticipate it will be finalized in the third calendar quarter of 2011. Upon completion of the recovery research project and the development of an economically feasible recovery model, we believe that we can contract with an significant investment banking firm to market the sale of the El Capitan site to qualified buyers.

Off-Balance Sheet Arrangements

During the three months ended June 30, 2011, we did not engage in any off-balance sheet arrangements as defined in Item 303 (a)(4) of Regulation S-K.

Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require us to make estimates and judgments that significantly affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Note 1, "Significant Accounting Policies" in the Notes to the Consolidated Financial Statements in our Form 10-K for the year ended September 30, 2010, describe our significant accounting policies which are reviewed by management on a regular basis.

New Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (Topic 820)—Fair Value Measurement (ASU 2011-04), to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and International Financial Reporting Standards. This new guidance results in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between IFRS and U.S. GAAP. ASU 2011-04 changes certain fair value measurement principles and enhances the disclosure requirements particularly for level 3 fair value measurements. The amendments are effective for interim and annual periods beginning after December 15, 2011. The Company does not expect the adoption of this updated authoritative guidance to have a material impact on its consolidated financial statement disclosures.

In June 2011, the FASB issued Accounting Standards Update No. 2011-05, Comprehensive Income (Topic 220)—Presentation of Comprehensive Income (ASU 2011-05), to require an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. ASU 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of equity. Under both alternatives, companies will be required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. In the single continuous statement approach, the guidance requires the entity to present the components of net income and total net income, the components of other comprehensive income and a total for other comprehensive income, along with the total of comprehensive income in that statement. In the two-statement approach, the income statement will be followed immediately by the statement of other comprehensive income, which will include the amount for total comprehensive income. This updated authoritative guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company does not expect the adoption of this updated authoritative guidance to have an impact on its consolidated financial statement disclosures.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

At this time the Company qualifies as a smaller reporting company, as defined by Rule 12b-2 of the Exchange Act, and is not required to provide the information required under this Item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in its periodic reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the principal executive officer/principal financial officer, to allow timely decisions regarding required disclosure.

As of as of the end of period covered by this Quarterly Report on Form 10-Q, our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act). The evaluation included certain control areas which are material to the Company and its size as an Exploration Stage Company. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Based upon the evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at a reasonable assurance level to ensure that information required to be disclosed by it in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. In addition, our Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at a reasonable assurance level to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. There have been no changes in the Company's internal control over financial reporting during the three months ended June 30, 2011 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements or fraud. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting, as defined in Rule 13a-15(f) and 15d-15(f) promulgated under the Exchange Act, during the quarter ended June 30, 2011, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On February 17, 2011, we finalized a confidential Settlement Agreement and Mutual Release (the “Settlement”) that dismissed our lawsuit against two former officers of the Company. The Settlement provided for a cash payment aggregating \$177,500 and the issuance of \$322,500 in shares of common stock to be issued in four monthly installments based on the volume weighted average closing price of the Company’s common stock for the twenty days preceding the each issuance date of the shares. The obligations under the Settlement Agreement were fulfilled on June 30, 2011. The claims related to the Settlement were previously disclosed in the Company’s Quarterly Report on Form 10-Q filed with the SEC on May 16, 2011 for the three month period ended March 31, 2011.

Item 1A. Risk Factors

The risk factors set forth in the Company’s Annual Report on Form 10-K for the fiscal year ending September 30, 2010 filed with the SEC on January 13, 2011 contain important factors that could cause our actual business and financial results to differ materially from those contained in forward-looking statements made in this Quarterly Report on Form 10-Q or elsewhere by management from time to time. Investors are encouraged to review and read such risk factors in relation to the statements herein. In addition, in connection with the Company’s execution of the Equity Purchase Agreement with Southridge Partners II, LP (“Southridge”), which is described in the section of this Report entitled “*Financial Condition, Liquidity and Capital Resources*”, investors are encouraged to review the following risk factors:

Risks Related to the Equity Purchase Agreement

Southridge will pay less than the then-prevailing market price for our common stock under the equity purchase agreement at the time of issuance of the shares.

The common stock to be issued to Southridge pursuant to the terms of the equity purchase agreement will be purchased at a 6.0% discount to the average of the two lowest closing bid prices on the Over-the-Counter Bulletin Board, as reported by Bloomberg Finance L.P., during the five trading days following the written request of the Company to exercise its option to sell shares of its common stock to Southridge. Southridge will have the ability to sell the shares of our common stock issuable under the equity purchase agreement either in advance of or upon receiving such shares and to realize the profit equal to the difference between the discounted price and the current market price of the shares.

We may not be able to access sufficient funds under the equity purchase agreement when needed.

Our ability to put shares to Southridge and obtain funds under the equity purchase agreement is limited by terms and conditions set forth in such agreement and applicable market regulations. The terms of the equity purchase agreement restrict the amount of shares we may sell to Southridge at any one time, which is determined by, among other things, the trading volume of our common stock. Accordingly, the equity purchase agreement may not be available to satisfy all of our funding needs from time to time during the term of the equity purchase agreement.

The sale of our common stock in this offering and any future sales of our common stock may depress our stock price.

If we elect to sell shares to Southridge under the equity purchase agreement, any such sales will have a dilutive impact on our existing stockholders. Southridge may resell some or all of the shares we issue to it pursuant to terms of the equity purchase agreement and such sales could cause the market price of our common stock to decline.

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Risks Relating to our Common Stock

A significant number of shares of our common stock may become available for sale, which could depress the price of our common stock.

Future sales of a substantial number of shares of our common stock in the public market could adversely affect the market price for our common stock and make it more difficult for shareholders to sell our common stock at times and prices that they believe are appropriate.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. (Removed and Reserved)

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibits

Exhibit Number	Description
2.1	Agreement and Plan of Merger between the Company, Gold and Minerals Company, Inc. and MergerCo, dated June 28, 2010 (<i>incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed July 7, 2010</i>).
3.1	Articles of Incorporation, as amended (<i>incorporated by reference to Exhibit 3.1 to the Company's Form S-4 Registration Statement #333-170281 filed on November 2, 2010</i>).
3.2	Restated Bylaws (<i>incorporated by reference to Exhibit 3.2 to the Company's Form S-4 Registration Statement #333-170281 filed on November 2, 2010</i>).
10.1	Joint Venture Agreement dated as of May 4, 2010, between the Company, El Capitan, Ltd. and Planet Resource Recovery, Inc. (<i>incorporated by reference to Exhibit 10.3 to the Company's Annual Report on Form 10-K for the year ended September 30, 2010 filed on January 13, 2011</i>).
10.2	Equity Purchase Agreement dated July 11, 2011 between El Capitan Precious Metals, Inc. and Southridge Partners II, LP. (<i>incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed July 12, 2011</i>).
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document**
101.SCH*	XBRL Extension Schema Document**
101.CAL*	XBRL Extension Calculation Linkbase Document**
101.LAB*	XBRL Extension Labels Linkbase Document**
101.DEF*	XBRL Extension Definition Linkbase Document**
101.PRE*	XBRL Extension Presentation Linkbase Document**

* Filed herewith.

** In accordance with Rule 406T of Regulation S-T, this information is deemed not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EL CAPITAN PRECIOUS METALS, INC.

Dated: August 15, 2011

By: /s/ Charles C. Mottley
Charles C. Mottley
President, Chief Executive Officer and Director
(Principal Executive Officer)

Dated: August 15, 2011

By: /s/ Stephen J. Antol
Stephen J. Antol
Chief Financial Officer

RULE 13a-14(a) CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Charles C. Mottley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of El Capitan Precious Metals, Inc. for the quarter ended June 30, 2011;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidating subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 15, 2011

By: /s/ Charles C. Mottley

Charles C. Mottley
President, Chief Executive Officer and Director

RULE 13a-14(a) CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Stephen J. Antol, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of El Capitan Precious Metals, Inc. for the quarter ended June 30, 2011;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidating subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 15, 2011

By: /s/ Stephen J. Antol
Stephen J. Antol
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of El Capitan Precious Metals, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles C. Mottley, President, Chief Executive Officer and Director of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in material respects, the financial condition and results of operations of the Company.

Date: August 15, 2011

By: /s/ Charles C. Mottley

Charles C. Mottley

President, Chief Executive Officer and Director

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of El Capitan Precious Metals, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen J Antol, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in material respects, the financial condition and results of operations of the Company.

Date: August 15, 2011

By: /s/ Stephen J. Antol
Stephen J. Antol
Chief Financial Officer
