



Business Updates | 2020

September 4, 2020

The El Capitan Board of Directors reports the following updates:

ECPN 1,000 for \$1,000,000 Initiative

El Capitan Precious Metals, Inc. (ECPN) has reached a pivotal point in its history. After twenty-five years and a multitude of exploratory attempts, the company has achieved success in the laboratory with a process to extract precious metals from its complicated ore. Dr. Clyde Smith, our Qualified Person, and AuRIC Laboratories of Salt Lake City, Utah, have collaborated to identify a protocol for separation of the precious metals that brings the company closer to mining the 2.7 million ounces of gold at the mine site.

ECPN identified a three-step method of testing in 2018 to validate this methodology. To date, two of the three steps have been completed successfully, with the third and final step, the Bulk Scale Test, yet to be conducted. The stakes are consequential. If successful, the company will have validated the separation protocol and be in a position to sell the property and/or enter into a joint venture (JV) to exploit the resource.

To do this, ECPN needs to raise \$1,000,000 in capital to perform the laboratory work and execute the organizational requirements related to preparing the company for partnership and/or sale. The purpose of this initiative is to ask shareholders to loan the company the funds in \$1,000 units. In this scenario, for example, if 1,000 shareholders each loaned \$1,000, the company would hit its fundraising goal and be able to move the company into this exciting phase of its development.

Usage of Funds

The funds raised would be used as follows:

Bulk Scale Test	\$100,000.00
SEC Compliance	\$350,000.00
L2 Note	\$200,000.00
Accounts Payable	\$130,000.00
Operating Capital (120 Days)	\$120,000.00
Engineer Study – Mine	<u>\$100,000.00</u>
TOTAL	\$1,000,000.00

Finance Committee

The Finance Committee will be established by the Board of Directors to administer the collection, distribution and accounting of the capital generated by this initiative. The committee will also have the responsibility to communicate to the shareholders the progress of the initiative.

1. Committee will consist of five members.
2. Four members will be shareholders selected at large by the BOD.
3. One member will be a Board member but will not be Chairman of this Committee.

4. The committee will cease to exist when the BOD determines that it is no longer required.
5. Any shareholder may apply to the BOD to be on the Finance Committee. The BOD will select the shareholders to be on this committee.
6. The committee will select its own Chairperson.
7. Members of his committee will be required to sign a Non-Disclosure-Agreement.
8. The BOD maintains the right to remove any committee member at any time without cause.

Procedure for Generation of Funds

1. Interested shareholders would be asked to sign a commitment document indicating the amount of funds they are willing to loan to the company.
2. Commitment documents will be maintained by a Finance Committee established by the Board of Directors (BOD).
3. Funds will not be collected until the Finance Committee has commitments for funds equal to or in excess of \$1,000,000.
4. Funds will be collected when the aforementioned three items have been achieved.
5. Loan documents will be sent to investor shareholders.
6. Funds will be maintained and administered by the Finance Committee, including monthly reports.

Terms of Loan Agreement

1. Term 36 Months
2. Interest Rate 8% Annually
3. Stock Warrant 10 Shares for each \$1.00 loaned the Company @ \$.02 per share.