

**PLAN OF OPERATIONS FOR MINING ACTIVITIES
ON NATIONAL FOREST SYSTEM LANDS**

USE OF THIS FORM IS OPTIONAL! 1st TIME USERS SHOULD DIRECT QUESTIONS REGARDING THIS FORM OR
REGULATIONS (36 CFR 228A) TO THE FOREST SERVICE DISTRICT OFFICE NEAREST YOUR AREA OF INTEREST

Submitted by: Rachae McInland Authorized Representative 2/23/17
Signature Title Date
(mm/dd/yy)

Signature

Title

Date
(mm/dd/yy)

Plan Received by: Jodie Canfield District Ranger 2/23/2017
Signature Title Date
(mm/dd/yy)

I. GENERAL INFORMATION

- A. Name of Mine/Project: El Capitan Mine, El Capitan Precious Metals, Inc
- B. Type of Operation: Iron Ore/Precious Metal open pit mine mine access/haul road
(lode, placer, mill, exploration, development, production, other)
- C. Is this a (☒new/☐continuing) operation? (check one).
If continuing a previous operation, this plan (☐replaces/☐modifies/☐supplements) a previous plan of operations. (check one)
- D. Proposed start-up date (mm/dd/yy) of operation: ongoing
- E. Expected total duration of this operation: Per this POP, 5 to 10 years
- F. If seasonal, expected date (mm/dd/yy) of annual reclamation/stabilization close out: N/A
- G. Expected date (mm/dd/yy) for completion of all required reclamation: TBD

II. PRINCIPALS

- A. Name, address and phone number of operator: El Capitan Precious Metals, Inc.
John Stapleton, Chief Executive Officer
5871 Honeysuckle Road
Prescott, AZ 86305-3764
(602) 720-9000 jstapleton@mrinc.com
- B. Name, address, and phone number of authorized field representative (if other than the operator).
Attach authorization to act on behalf of operator.
David Davidson, Mine Manager
20701 S. Scottsdale Road #107-293
Scottsdale, AZ 85255
El Capitan Precious Metals, Inc.
(480) 226-3113 david@gceintl.com
- C. Name, address and phone number of owners of the claims (if different than the operator):

(If more space is needed to fill out a block of information, use additional sheets and attach form)

- D. Name, address and phone number of any other lessees, assigns, agents, etc., and briefly describe their involvement with the operation, if applicable:

III. PROPERTY OR AREA

(Name of claim, if applicable, and the legal land description where the operation will be located.)

MC#	Name	Section	Township	Range
Patented	Pittsburgh Iron Lode	10,11,14	8S	14E
Patented	Pittsburgh Iron Lode 1	10, 11, 14	8S	14E

IV. DESCRIPTION OF THE OPERATION

- A. **Access.** Show on a map (USGS quadrangle map or a National Forest map, for example) the claim boundaries, if applicable, and all access needs such as roads and trails, on and off the claim. Specify which Forest Service roads will be used, where maintenance or reconstruction is proposed, and where new construction is necessary. For new construction, include construction specifications such as widths, grades, etc., location and size of culverts, describe maintenance plans, and the type and size of vehicles and equipment that will use the access routes.

This "Plan of Operation" is for El Capitan Precious Metals, Inc. (ECP) mine access/haulage and is separate from access to the private residence. The mine access/haul road is not open for motorized public use. The road is approximately 1 mile in length. The mine and private residence are both on the same private property. To meet requirements of the Mine Safety and Health Administration, and for safety concerns, the existing mine access/haul road needs improvements. In-lieu of existing boulders and berms along the road way placed at MSHA direction, ECP plans placement of approximately 60 "Jersey Barriers" to help prevent over travel of mine haul trucks or equipment along elevated portions of the road. This complies with MSHA requirements and is a better choice for safety and the environment. No mine material will be used on this roadway and work necessary to prevent vehicle over travel of the road is described in attachments listed below. Currently the road is only used for mine access/haulage, access to the private residence, and the USFS. It is provided with a locked gate at the highway. ECP owns and maintains both the residence and mine on the private property and residents in the home are employed by ECP. This "Plan of Operations" may need modification should production change significantly. See attachments "El Capitan Mine Haul Road", RMB Consulting Services, Inc., Rod Breland, 12/18/2015.

- B. **Map, Sketch or Drawing.** Show location and layout of the area of operation. Identify any streams, creeks or springs if known. Show the size and kind of all surface disturbances such as trenches, pits, settling ponds, stream channels and run-off diversions, waste dumps, drill pads, timber disposal or clearance, etc. Include sizes, capacities, acreage, amounts, locations, materials involved, etc.

The El Capitan Mine operation is currently on private land and all mining activity is contained within the private land and is incidental to this "Plan of Operations". See attachments "El Capitan Mine Haul Road", RMB Consulting Services, Inc., Rod Breland, 12/18/2015.

(If more space is needed to fill out a block of information, use additional sheets and attach form)

- C. Project Description.** Describe all aspects of the operation including mining, milling, and exploration methods, materials, equipment, workforce, construction and operation schedule, power requirements, how clearing will be accomplished, topsoil stockpile, waste rock placement, tailings disposal, proposed number of drillholes and depth, depth of proposed suction dredging, and how gravels will be replaced, etc. Calculate production rates of ore. Include justification and calculations for settling pond capacities, and the size of runoff diversion channels

The El Capitan mine is located on private property and the "Plan of Operations" is limited to the mine access/haul road. Future mining envisioned will require an increase in production in response to our marketing. US infrastructure proposals will intensify a need for our mine products and we will increase production as our customers require. ECP aims to mine, screen, and separate, and stockpile ore at the mine site and ship material by truck to our markets. Although initial production would result in at least 50 trucks per day our projected mining could necessitate as many as 168 haul trucks. Should production needs reach the higher levels it is understood that the mine access/haul road may require additional engineering and improvements to accommodate a sustained increase in traffic. This "Plan of Operations" may need modification and actual number of trips per day needed for the operation is contingent upon market sales. The mine access/haul road currently has dirt berms and boulders placed under orders from MSHA intended to protect vehicle possible over travel of the road. Placement of approximately sixty (60) "Jersey Barriers", daylighting, curve straightening and widening identified portions of the road are more appropriate to meet MSHA standards and maintain safe travel. These barriers will be installed and the berms and boulders moved back to the mine. See attachment "El Capitan Mine Haul Road", RMB Consulting Services, Inc., Rod Breland, 12/18/2015.

- D. Equipment and Vehicles.** Describe that which is proposed for use in your operation (Examples: drill, dozer, wash plant, mill, etc.). Include: sizes, capacity, frequency of use, etc.

Mine site equipment may include, but is not limited to, mid-size excavators, front end loaders, crushers, magnetic separator, and drills. Normal mine traffic will consist of over-the-road (OTR) semi trucks, including belly dump and end dump type trucks. Typically, stockpiled material could require up to 168 trucks/day as the permits established by ECP and the State of New Mexico. The number of trucks necessary for haulage would be dependent upon customer demands and initially more than 50 (plus) OTR's trucks per day could be expected. We anticipate year-round hauling with temporary halting in wet conditions. Road maintenance would typically be performed with a mid size Caterpillar front end loader or grader as needed. Occasionally, "Jersey Barriers" and/or mine equipment will be transported to and/or from the mine site on low boy trailers. It is understood that road design and improvements would be necessary should the higher number of trucks per day goal be achieved. No "Off Highway" trucks will be used to transport mine material. See attachments "El Capitan Mine Haul Road", RMB Consulting Services, Inc., Rod Breland, 12/18/2015

- E. Structures.** Include information about fixed or portable structures or facilities planned for the operation. Show locations on the map. Include such things as living quarters, storage sheds, mill buildings, thickener tanks, fuel storage, powder magazines, pipelines, water diversions, trailers, sanitation facilities including sewage disposal, etc. Include engineering design and geotechnical information for project facilities, justification and calculations for sizing of tanks, pipelines and water diversions, etc.

No structures will be on the mine access/ haul road. A entry gate (swing arm) over a cattle guard and normal highway "Jersey Barriers" would be place appropriately on the road. "Jersey Barriers" are very portable and Installation and/or removal is a simple procedure

V. ENVIRONMENTAL PROTECTION MEASURES (SEE 36 CFR 228.8)

- A. Air Quality.** Describe measures proposed to minimize impacts on air quality such as obtaining a burning permit for slash disposal or dust abatement on roads.

See attached Memorandum from the New Mexico Environment Department (NMED) regarding air quality.

(If more space is needed to fill out a block of information, use additional sheets and attach form)

B. Water Quality. State how applicable state and federal water quality standards will be met. Describe measures or management practices to be used to minimize water quality impacts and meet applicable standards.

1. State whether water is to be used in the operation, and describe the quantity, source, methods and design of diversions, storage, use, disposal, and treatment facilities. Include assumptions for sizing water conveyance or storage facilities.
2. Describe methods to control erosion and surface water runoff from all disturbed areas, including waste and tailings dumps.
3. Describe proposed surface water and groundwater quality monitoring, if required, to demonstrate compliance with federal or state water quality standards.
4. Describe the measures to be used to minimize potential water quality impacts during seasonal closures, or for a temporary cessation of operations.
5. If land application is proposed for waste water disposal, the location and operation of the land application system must be described. Also describe how vegetation, soil, and surface and groundwater quality will be protected if land application is used.

No. 4. No mining activity will take place along the road. During inclement weather (rain or snow) mining operations are interrupted until such time as the mine access/haul road is safe to travel. "Jersey Barriers" can be placed to direct rain water to an existing dry pond alongside the road or other locations if needed.

Items 1, 2, 3, & 5 do not apply.

C. Solid Wastes. Describe the quantity and the physical and chemical characteristics of solid waste produced by the operation. Describe how the wastes will be disposed of including location and design of facilities, or treated so as to minimize adverse impacts.

No solid waste will be disposed of along the mine access/haul road. Should any spill occur as a result of mine traffic it will be promptly cleaned up and if necessary the area re-vegetated.

D. Scenic Values. Describe protection of scenic values such as screening, slash disposal, or timely reclamation.

No scenic values will be disturbed. Timely reclamation will take place should the mine permanently cease operations.

(If more space is needed to fill out a block of information, use additional sheets and attach form)

- E. Fish and Wildlife.** *Describe measures to maintain and protect fisheries and wildlife, and their habitat (includes threatened, endangered, and sensitive species) affected by the operations.*

Although the Project is in close proximity of a known site of the federally and state listed Kuenzler's hedgehog cactus, no known populations of the protected species are within the road. If further road widening occurs, clearance surveys for the cactus will be conducted by the USFS.

- F. Cultural Resources.** *Describe measures for protecting known historic and archeological values, or new sites in the project area.*

No known sites occur within the road. If further road widening occurs, clearance surveys will be conducted by the USFS.

G. Hazardous Substances.

1. *Identify the type and volume of all hazardous materials and toxic substances which will be used or generated in the operations including cyanide, solvents, petroleum products, mill, process and laboratory reagents.*

Crushing, screening, and metals separation does not require any hazardous products for the mine operation. No chemical or other known hazardous substances exist at the El Capitan mine. A service truck occasionally will provide needed service but no fluids, including fuel, oil, or other petroleum or chemicals, will be stored at the mine. If necessary any hazardous substance would be hauled for disposal at a proper location.

2. *For each material or substance, describe the methods, volume, and frequency of transport (include type of containers and vehicles), procedures for use of materials or substances, methods, volume, and containers for disposal of materials and substances, security (fencing), identification (signing/labeling), or other special operations requirements necessary to conduct the proposed operations.*

N/A

3. *Describe the measures to be taken for release of a reportable quantity of a hazardous material or the release of a toxic substance. This includes plans for spill prevention, containment, notification, and cleanup.*

If an event occurs on the mine access/haul road results in a spill of material of any kind it would be cleaned up and properly disposed.

(If more space is needed to fill out a block of information, use additional sheets and attach form)

- H. **Reclamation.** Describe the annual and final reclamation standards based on the anticipated schedule for construction, operations, and project closure. Include such items as the removal of structures and facilities including bridges and culverts, a revegetation plan, permanent containment of mine tailings, waste, or sludges which pose a threat of a release into the environment, closing ponds and eliminating standing water, a final surface shaping plan, and post operations monitoring and maintenance plans.

The El Capitan mine is on private property and is not included within the "Plan of Operations" activities. The mine access/haul road would remain open for access to the private residence if the mine were to cease operations.

VI. FOREST SERVICE EVALUATION OF PLAN OF OPERATIONS

A. Required changes/modifications/special mitigation for plan of operations:

- Consideration of safety mitigations relative to 2 way traffic on the haul road such as communication, signing, staffing, lighting or other appropriate mitigative measures.

- B. Bond. Reclamation of all disturbances connected with this plan of operations is covered by Reclamation Performance Bond No. (1) dated (mm/dd/yy) (2) signed by (3) (Principal) and (4) (Surety), for the penal sum of (5). This Reclamation Performance Bond is a guarantee of faithful performance with the terms and conditions listed below, and with the reclamation requirements agreed upon in the plan of operations. This Reclamation Performance Bond also extends to and includes any unauthorized activities conducted in connection with this operation.

The bond amount for this Reclamation Performance Bond was based on a bond calculation worksheet. The bond amount may be adjusted during the term of this proposed plan of operations in response to changes in the operations or to changes in the economy. Both the Reclamation Performance Bond and the bond calculation worksheet are attached to and made part of this plan of operations. Acceptable bond securities (subject to change) include:

1. Negotiable Treasury bills and notes which are unconditionally guaranteed as to both principle and interest in an amount equal at their par value to the penal sum of the bond; or
2. Certified or cashier's check, bank draft, Post Office money order, cash, assigned certificate of deposit, assigned savings account, blanket bond, or an irrevocable letter of credit equal to the penal sum of the bond.

(1) 7809095859
(2) 2/23/2017
(3) Arly Richan
(4) Sandra Chater / Wells Fargo Bank
(5) \$ 5,350.00

(If more space is needed to fill out a block of information, use additional sheets and attach form)

VII. TERMS AND CONDITIONS

- A. If a bond is required, it must be furnished before approval of the plan of operations.
- B. Information provided with this plan marked confidential will be treated in accordance with the agency's laws, rules, and regulations.
- C. Approval of this plan does not constitute certification of ownership to any person named herein and/or recognition of the validity of any mining claim named herein.
- D. Approval of this plan does not relieve me of my responsibility to comply with other applicable state or federal laws, rules, or regulations.
- E. If previously undiscovered cultural resources (historic or prehistoric objects, artifacts, or sites) are exposed as a result of operations, those operations will not proceed until notification is received from the Authorized Officer that provisions for mitigating unforeseen impacts as required by 36 CFR 228.4(e) and 36 CFR 801 have been complied with.
- F. This plan of operations has been approved for a period of _____ or until (mm/dd/yy) _____. A new or revised plan must be submitted in accordance with 36 CFR part 228, subpart A, if operations are to be continued after that time period.

VIII. OPERATING PLAN ACCEPTANCE

☒ ☐ We have reviewed and agreed to comply with all conditions in this plan of operations including the required changes, modifications, special mitigation, and reclamation requirements.

☒ ☐ We understand that the bond will not be released until the Authorized Officer in charge gives written approval.

El Capitan Precious Metals, Inc

CEO

2/23/17

Signature of ☒ Operator (or ☐ Authorized Representative)

(Date)

mm/dd/yy

IX. OPERATING PLAN APPROVAL

Jodie Canfield
(Name)

District Ranger
(Title)

Jodie Canfield
Signature of (Authorized Officer)

2/24/17
(Date)

mm/dd/yy

Burden and Non-Discrimination Statement

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information (unless it displays a valid OMB) control number. The valid OMB control number for this information collection is 0556-0022. The time required to complete this information collection is estimated to average 12 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

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*This "Plan of Operations" in no way waives or abdicates any existing or otherwise valid rights, which existed prior to this "Plan of Operations". This "Plan of Operations" is agreed to without any prejudice to any R/S 24.77 right-of-way over the subject mine access haul road.