



Business Updates | 2018

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The Company posts the following informational update today:

The El Capitan Iron Ore Opportunity

The El Capitan property was originally evaluated as a potential iron ore mine during World War II. When the war ended, the interest in mining iron ore was no longer a national priority and the work and research related to iron ore was filed away for possible use in the future. Many years later, in the latter part of the 20th century, additional work was done. Analyzing the broader resource determined that the property contained significant amounts of precious metals, in addition to iron ore. The discovery of precious metals in the iron ore presented two issues in terms of monetizing the ore:

- Separating the precious metals from the iron ore
- Managing the excess iron ore after separation as the U.S. Forest Service does not allow the ore to be stockpiled on the property

To address the ore's complexity, the Company entered into an agreement with a contract miner to devise a system to separate the precious metals from the iron ore minerals. The initial separation is done at the mine with a AuraSource device. The contract miner developed and built the "fine grinding device" during 2016 and 2017 to hyper-concentrate the AuraSource concentrates. The contract miner's fine-grinding system produces a hyper-concentrate with the precious metals separated from much of the remaining iron-bearing ore and other unwanted minerals. The product produced by the fine grinding, separation process is then smelted in preparation for refining the precious-metals product.

Since the iron product must be removed from the mine site, the Company is creating a program to sell its iron ore. In July of 2017, Board Chairman John Stapleton met with a major steel company to discuss their plans to build an iron ore processing plant in New Mexico. This development, in conjunction with the Federal Government's intentions to use domestic resources for one or more large infrastructure projects in the continental United States, presents the possibility of a large revenue-producing opportunity for the Company.

The Company believes the El Capitan property with its expanded acreage has the potential for significant tonnage of iron ore. The Company is optimistic that it would be economically feasible to enter into an agreement with a processor or buyer to take the El Capitan project into production.

In November of 2017, the Chairman and a board member met with an internationally recognized geologist and a representative from an entity that is considering the extraction and necessary separation of the El Capitan ore into a precious metals hyper-concentrate and an iron product. Following that meeting, the Company entered into discussions to define an agreement with this entity to process the iron ore at the El Capitan mine site and transport the iron product to the processing site. It is anticipated that the precious metals concentrates will be processed separately.