



Business Updates | 2018

May 11, 2018

The El Capitan Board of Directors reports the following updates on the state of the Company:

The company has had a long and mutually beneficial relationship with Auric Metallurgical Labs (www.auriclabs.com) in Salt Lake City, Utah. In the most recent past they have provided testing analysis for the Company. Also, in April of 2018, head ore samples were collected from the mine site and shipped to Auric for analysis; the OPT (ounces per ton) of the gold was .36. Based on these results the company contracted Dr. Clyde Smith to begin a testing and developing a project that would eventually turn into a pilot/production plant.

This phase will begin immediately. Dr. Smith will be at the mine site during the week of May 14, 2018. He will collect two representative samples of approximately 10 kg each from selected sites on surface at the mine site. These samples will be delivered to Auric no later than May 18, 2018. These samples will be personally transported by Dr. Smith as to not break the chain of custody. Auric, in conjunction with Dr. Smith, will develop an Amenable test to achieve the optimum extractions of the precious metals from the samples collected. Similar work was done on six samples in 2005 and indicated very favorable results. New samples are required because the earlier work is dated and chain of custody of those samples is now broken. In joint testing by Dr. Smith and Auric, the Company is establishing third-party verification as it develops this phase of the project. This work should be completed in approximately three weeks. The funds for this phase have been provided by a Board member.

Assuming favorable results from this phase of the project, work will begin on a bulk-scale test to define the parameters for scaling up to pilot/production plant operations. There have already been preliminary discussions with a contract miner to work with the Company in the development and operation of the pilot/production plant.

While at the mine site, Dr. Smith has been authorized to collect one 10-kg sample from the 20 tons of concentrates returned from China and transport them to Auric for testing. These results will be made available as soon as testing is complete.

Forward-Looking Safe Harbor Statement:

The statements included in this press release concerning predictions of economic performance and management's plans and objectives constitute forward-looking statements made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Forward-looking statements are statements that are not historical facts. Words such as "expect(s)," "feel(s)," "believe(s)," "will," "may," "anticipate(s)" and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to, statements regarding the expected completion, timing and results of metallurgical testing, interpretation of drill results, the

geology, grade and continuity of mineral deposits, results of initial feasibility, pre-feasibility and feasibility studies and expectations with respect to the engaging in strategic transactions. All of such statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Specifically, there can be no assurance regarding the timing and terms of any transaction involving the Company or its El Capitan property, or that such a transaction will be completed at all. In addition, there can be no assurance that periodic updates to the Company's geological technical reports will support the Company's prior claims regarding the metallurgical value and make-up of the ore on the New Mexico property. Additional risks and uncertainties affecting the Company include, but are not limited to, the possibility that future exploration, development, testing or mining results will not be consistent with past results and/or the Company's expectations; discrepancies between different types of testing methods, some or all of which may not be industry standard; the ability to mine precious and other minerals on a cost effective basis; the Company's ability to successfully complete contracts for the sale of its products; fluctuations in world market prices for the Company's products; the Company's ability to obtain and maintain regulatory approvals; the Company's ability to obtain financing for continued operations and/or the commencement of mining activities on satisfactory terms; the Company's ability to enter into and meet all the conditions to consummate contracts to sell its mining properties that it chooses to list for sale; and other risks and uncertainties described in the Company's filings from time to time with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.