Business Updates | 2018

August 9, 2018

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

Canadian Concentrates
The Canadian concentrates have been returned to ECPN and are currently being stored in a secure warehouse in Phoenix, under 24-hour video and audio surveillance, can only be observed with an independent observer and Board member present, and were sealed prior to shipment and have not been opened. Access to the concentrates is very limited. The concentrates prior to leaving Canada were under strict chain of custody protocol. An independent third party sampled the barrels taking three identical samples with the third party maintained a sample, the company whom ECPN contracted with to monetize the concentrates, and the last sample was forwarded via overnight shipment to ECPN's metallurgical laboratory. After the concentrates were assayed the data was sent to Highlands Geoscience an independent mining consulting company operated by Dr. Clyde Smith and David Smith. Below is the report generated by David Smith regarding these concentrates.

Highlands Geoscience
3803 NE 120th Street Seattle WA 98125
t 206-364-2554 m 206-390-2575
dave@highlandsgeo.com

RESULTS OF RECENT CONCENTRATE SAMPLE ANALYSES
EL CAPITAN PROJECT, NEW MEXICO

To: Chuck Mottley, El Capitan Precious Metals Inc.
From: David Smith
Date: July 20, 2018

Chuck Mottley of El Capitan Precious Metals recently forwarded to me two sets of analytical results from Metallurgical Labs. The results were from testing of five samples that reportedly were derived from mineral processing work conducted by David Davidson for the company in 2017 on material from the El Capitan project in New Mexico. Details of Davidson's work are unknown, including the concentration methods.

All five samples are reported to be concentrates from the Davidson work. One sample was taken by El Capitan employee Randy Bouldin as he observed the concentration work by Davidson at a pilot plant in Phoenix in 2017. Four samples were from barrels of concentrate reportedly shipped from the Davidson plant to Process Research Ortech in Mississauga, Canada, and then to Metallurgical Labs.

Auric noticed a wide variation in some elements between the Bouldin sample (Randy 2) and the concentrates (Canada Con A – D). This memo summarizes the variations in composition between these samples. I also include comparisons with two other sets of samples from the project analyzed previously: 1) 10 surface samples collected by myself from the project in 2009 (D. Smith, 2009), and 2) two gravity concentrates produced by Research Development Lab from composite drill-core samples in 2012 (C. Smith, 2012). Table 1 lists details of the samples compared.

It is important to note that I have no first-hand knowledge of the origin of the five "concentrate" samples (Randy 2, Canada Con A – D) and cannot verify chain of custody: all information about those samples has been reported to me by Chuck Mottley. The two other sample sets discussed in this memo were conveyed under intact chain of custody under my supervision in 2009 and 2012.

Table 1. Sample details

Sample ID	Other Sample ID	Source and Notes	Lab	Lab Cert
Canada Con A-D		Samples shipped from Ortech to Auric, 2018	Auric	07/09/18
Randy 2		Randy Bouldin sample of Davidson concentrate in Phoenix, 2017	Auric	07/12/18
EC5Concentrates	Concentrate EC-GC-1	Gravity concentrate of hematite-rich material from drill core, 2012	ActLabs	A12-01943
EC6Concentrates	Concentrate EC-GC-2	Gravity concentrate of high fold grades from drill core, 2012	ActLabs	A12-01943
29 – 40	EC-1 – EC-24	Surface samples by David Smith, 2009	American Assay	SP086421

Major Elements

Table 2 lists analytical results of the major elements in the samples compared in this memo. The elements Fe, Mn, and P show large variations between the samples: in the Canada Con samples, Fe is lower and Mn and P are higher than in Randy 2, the average of the 2012 gravity concentrates, and the average of the 2009 surface samples. As well, Ca in the Canada Cons is considerably higher than Randy 2 and the 2012 concentrates, although similar to the 2009 surface sample average.

These variations could possibly be caused by a gravity concentration method, with the Canada Cons being the lighter fraction; this would account for the lower Fe (carried in dense magnetite into a heavier fraction) and higher Ca (carbonate minerals carried to the lighter fraction). But this would not explain the extremely high level of Mn in the Canada Cons compared to the other samples, including Randy 2, which is reported to be the same material. There are no Mn-bearing minerals (rhodocrosite, rhodonite, pyrolusite, manganite, psilomelane) reported in the El Capitan deposit to explain such a high Mn result. Results of the major elements indicate that the Canada Cons are chemically distinct from the Randy 2 sample and the other samples known to be from the El Capitan property.

Table 2. Major-element results

Sample ID	Al %	Ca %	Fe %	K %	Mg %	Mn %	Na %	P %	S %	Ti %
Canada Con average	0.56	4.5	8.71	0.22	0.48	8.04	0.1	0.21	0.11	0.02
Randy 2	0.61	1.91	25.5	0.26	0.7	0.2	0.32	0.04	0.17	0
2012 gravity con (average)	0.11	0.75	70.7	0.05	0.34	0.27	0.05	0.02	0.05	0.04
2012 gravity con tails (average)	1.31	10.63	26.28	0.54	2.87	0.28	0.58	0.03	0.06	0.09
2009 surface sample average	0.19	6.89	30.86	0.23	0.93	0.12	0.08	0.04	0.1	0.02

Precious Metals and Trace Elements

Table 3 shows results for Au, Ag, and the trace elements that showed wide variations among the samples compared. The Canada Cons showed lower Au than Randy 2 but Au in the range of the 2012 gravity concentrate. Ag was slightly elevated in the Canada Cons average compared to the other samples.

The Canada Cons showed extremely high levels of the trace elements As, Ba, Sb, Sr, and Tl compared to the other samples. Co, Cu, Ni, Pb, and Zn were also elevated in the Canada Cons. These elements all occur in heavy minerals: Ba (barite), As (arsenopyrite), Co (cobaltite), Cu (copper sulfides), Ni (nickel sulfides), Pb (galena), Sb (stibnite), Sr (celestite), Tl (lorandite), and Zn (sphalerite). Thus, gravity methods or densemedia separation could potentially elevate these elements; however, most of these minerals have not been identified in the El Capitan mineralization, and these elements are not elevated in other gravity concentrates from the project.
Consistent with the major element results, the trace element analyses indicate that the Canada Cons are chemically distinct from the Randy 2 sample and the other El Capitan samples compared.

Table 3. Selected precious-metals and trace-element results

Sample ID	Au ppm	Ag ppm	As ppm	Ba ppm	Co ppm	Cu ppm	Ni ppm	Pb ppm	Sb ppm	Sr ppm	Ti ppm	Zn ppm
Canada Con Average	1.4	16.1	779.2	8828.3	42.2	216.6	62.9	742.8	99.5	1374.1	103.9	381.3
Randy 2	3.7	13.6	15.5	180.4	9.9	51.3	ND	399.7	ND	165.3	ND	154.9
2012 Gravity con (average)	1.69	9.22	13.5	15	13.5	21.5	22.9	68.7	0.7	13.4	0.1	123.5
2012 gravity con tails (average)	0.07	0.09	7.5	61.3	8.45	75.38	25.1	57.7	0.7	110.7	0.2	177
2009 surface samples average	<0.03	0.6	37	44	8	23	7	21	3	98	ND	214

Management Note
As a result of the information gathered from these samples management has initiated testing of the controlled samples of the concentrates selected prior to sealing of the barrels and shipment to Canada. Per the contract with the Canadian processor control samples were maintained by each party. The company received the original geological drilling report on gold and platinum from Dr Clyde Smith on January 31, 2007. There were 39 drill holes averaging 400 feet deep with samples taken every five feet. The samples returned from Canada and tested were a totally different material than the concentrates that were delivered to Canada for precious metal refining. And based upon this information provided by our Geologist and Metallurgist team the company has begun to turn over their information to the ECPN's legal team and wait for their recommendations.

Moving Forward

With so much focus on the past we fail to recognize the significant progress being accomplished as we attempt to prove out the value of ECPN. We are currently working with the metallurgical laboratory along with the help of Highlands Geoscience of Seattle, Washington, Dr. Clyde Smith and David Smith, in a metallurgical testing program to determine the most efficient method to extract the precious metals from the ore. The first tests, known as an amenability test, will begin to indicate the percentage of recovery using the best extraction method. Based upon the assays previously reported the precious metals concentrations consist mostly of gold, silver, and platinum and occur in the non-magnetic fraction of the ore samples. Some higher-grade samples indicate gold values present as free particles. The ore will be tested for gold and silver using the following methods: Sodium Cyanide Leach, Sodium and/or Ammonium Thiosulfate Leach, and Thiourea Leach. And the testing of potential platinum will consist of Chlorine Leach and Sodium Cyanide leach followed by a Chlorine leach. Based on the results of these tests results and with input from our geological and metallurgical consultants ECPN will either complete amenability tests on additional samples or continue onto the bench scale testing with the most promising process(es). The final step would be Bulk Scale tests performing extractions utilizing the results from the aforementioned tests to develop costs of extraction and potential profitability. The Bulk Scale test will

consist of processing approximately 1,000 lbs. of head ore through to creating precious metal concentrates and high-grade iron ore material. Successful results in these test will lay the ground work for a pilot plant.

When the Bulk Scale tests are initiated management will finalize the contract with the contract miner. Upon the agreement for that arrangement a detailed Operating and Financial plan will be published along with all information regarding the contract miner and other consulting personnel; and there will **not** be a non-disclosure agreement.

Our intermediate goal is to push forward proving out the value of this property by successfully completing the plan developed in conjunction with our geologist and metallurgist and develop a pilot plant. By completing this task the company will be in cash-flow positive structure and will be able to demonstrate to prospective partners and/or buyers that ECPN is a viable property for long term financial rewards. The company is in the process of raising capital to complete this project.

The El Capitan Precious Metals, Inc. Board of Directors is totally committed to the company's shareholders in maximizing the value of this company's property.