



## Business Updates | 2018

**July 2, 2018**

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

### **Return of Concentrates from Canada**

According to the shipper, the Company's concentrates sent to Canada are currently in transit from Canada back to ECPN in Phoenix, Arizona. ECPN and J Duncan Reid of Mexico Metal Refiners Group, LLC (NMMRG), with assistance of counsel, developed a Protocol that maintained the chain of custody whereby neither party could infringe on the integrity of the material. The Company's board member, Daniel Martinez, traveled to Canada to monitor the Protocol. This was accomplished using a third party who secured three samples from each barrel. One sample would be retained by ECPN, another would be retained by NMMRG, and the third sample would be held by the third party. Originally it was reported that there were only four barrels, but due to miscommunication there were actually 18 barrels: the original four barrels of concentrates and an additional 14 barrels of tailings purportedly from the pilot plant. The samples, all eighteen, in the possession of ECPN were immediately sent for analytical processing. This work is currently taking place and results will be published when available. All 18 barrels have been delivered to an independent secure warehouse in Phoenix and the Company anticipates they will be in its possession the first week of July.

### **Ongoing Testing and Development**

Additional testing is anticipated to investigate recoverability of precious metals from mineralization on the El Capitan property. This testing will consist of a series of metallurgical amenability tests; if results warrant, these are to be followed by bench-scale extraction tests. Management has full intent to develop a pilot plant at the mine site after work on the mineralization has been completed. This is required due to the lack of operational data secured in the recent past. Management needs to determine the amount of material required to produce a high enough concentrate to meet industry standards. That data is currently not available.

### **Report on Chinese Concentrates**

ECPN had reported earlier that Dr. Clyde Smith would be taking samples for testing from the returned Chinese concentrates. It had previously been understood that there were 20 tons of returned concentrates. Upon further investigation it was determined that only 11 barrels were returned, comprising less than 5,500 pounds, or 2.75 tons. When Dr. Smith was at the mine site performing sample collection it was determined that the Chinese concentrates were missing and could not be located. Our site manager has filed a police complaint and the missing barrels are under investigation.

### **Board of Directors Resignation**

Effective June 25, 2018, John Stapleton resigned from the Board of Directors based upon his disagreement over the future direction of the Company. We thank him for his service and wish him the best.

Effective July 1, 2018 two additional Directors—Doug Sanders and Bob Shirk—have also resigned from the Board.

Former Board Chairman John Stapleton's Letter of Resignation can be viewed here:

June 25, 2018

Mr. Tim Gay, Chairman of the Board of Directors

Mr. John Balding, Acting CEO

El Capitan Precious Metals, Inc.

571 Honeysuckle Road

Prescott, AZ 86305

**Re: Letter of Resignation**

Gentlemen:

I hereby submit my resignation from the Board of Directors of El Capitan Precious Metals, Inc. (hereafter "ECPN") effective immediately.

It has become abundantly clear that the current management and four members of the Board of Directors have chosen to only share limited and selective information about the business activities of ECPN with me and the other two Board Members. It is also clear that ECPN is not interested in going into production recovering precious metals from the ECPN ore utilizing the techniques developed in the Pilot Plant activity. Further, El Capitan has not published or responded to the executed Letter of Intent to sell 60,000 tons of iron ore per month for 10 years.

From the limited information that I have received, it appears that current Management has no strategy for taking ECPN forward. It is reverting to assaying as it did for almost 9 years during which it produced zero revenue. There is no plan for capitalizing ECPN to keep it viable. Under current circumstances, I believe a plan necessary. There is no plan to produce revenue on an on-going basis in spite of the commitment to have such a plan within three weeks of the firing of myself and driving away ECPN legal counsel.

I am very pessimistic about the future of ECPN without these specific plans, and I do not want to be a part of the demise of ECPN, in which I, my family, and my friends have so much invested.

My resignation, as well as your legal requirement to publish it, is the only honest update the shareholders are getting from the current Management.

Sincerely yours,

**El Capitan Precious Metals, Inc.**

John F Stapleton

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.

**June 6, 2018**

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

At this critical juncture in the Company's history, it is imperative that the leadership team be advised by experienced problem solvers gifted with the ability to work well with other team members. The immediate requirement is to develop a clear and detailed plan which will drastically increase enterprise value and recover shareholder confidence. For that purpose, we believe we have assembled that team of outside advisors.

**Our Legal Team** The Company has been guided by the first-rate consulting and securities law services of the Maslon Law Firm, working with Bill Mower and Alan Gilbert, for approximately 15 years. To complement that legal team, we have retained Jeff Proper, a proven expert, who, we believe, will guide us during this period of required austerity and day-to-day decision making. His resume is accessible via a hyperlink below. Jeff Proper has been working with Tim Gay for many years during which Tim served his clients as a business valuation expert, expert witness, and business consultant. Additionally, Jeff is well connected with Semple Marchal and Cooper, our independent accounting firm to which he has been providing legal services.

**Our Auditors** As some may recall, the Company recently endured an almost catastrophic issue. Its long-time auditors chose, at the last minute, to resign the account due to what ultimately became a resolvable issue. Within three days, Tim Gay was able to retain Semple Marchal and Cooper as replacement auditors. Mr. Gay has had a decades-long association with that firm and has been serving as a principal and performing "concurring partner reviews" on SEC (public) audits. In order for the firm to perform the independent audit, Mr. Gay could no longer serve as a principal with the Firm nor can he perform the aforementioned reviews.

Our long-term CFO, Steve Antol, due to Mr. Gay's introduction decades ago, has worked with and is very familiar with the accounting firm and its partners. This made the transition relatively seamless. Antol and Gay met in the 1970s where they worked together on the audit staff of a national CPA firm. Over the past years, they have maintained a close professional and personal relationship.

**The Team** In summary, the management and board of the ECPN has assembled a multi-talented, highly professional, close-knit, and qualified team. Many of these individuals have had very long-term relationships with each other. Mr. Gay continues to office at Semple Marchal and Cooper and maintains constant contact with our audit team comprised of Steve Marchal (audit partner), Paul Tomasik (audit manager), and Robert Semple (managing partner).

We are working diligently to complete our operating plan for the near- and long-term future of ECPN. In the not-too-distant future, and when deemed meaningful and effective, it is our intention to call a Shareholders' Meeting. In the meantime, it is our intention to keep our shareholders fully informed.

Jeff Proper's CV is available via this link: [JeffreyProperResume](#)

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**May 23, 2018**

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

**El Capitan Looks...  
"Back to the Future"**

Oftentimes, the best way to see the future is to look to the past. The Company plans to look back and come to terms with where it has been and where there are significant opportunities or procedures that were overlooked or missed. The only significant document regarding the property is the NI 43-101 dated January 6, 2014, written and certified by geologist Dr. Clyde Smith. In the mining industry, this document represents the 'Holy Grail,' and offers a road map of the property. The company has re-engaged Dr. Smith to provide consulting services and guidance in turning this property into a profitable endeavor.

This action is required because the Company was left with no documentation related to the most recent Pilot Plant operations. We have no data regarding the levels of concentration of the ore, no information regarding the process used to produce the concentrates, no defined method of turning the concentrates into precious metal. Dr. Smith and the Company CEO met and defined this project. This action supports the Company mission statement to "...maintain compliance with industry standards."

Dr. Smith was at the mine site the week of May 14, 2018 and completed his preliminary work. He collected two samples of head ore, each greater than 10 kilograms. These two samples were collected at previous sample sites EC-10 and EC-11 (Ref NI 43-101). These two sites were selected because of the relatively higher content of precious metals during the initial assay procedure. These samples were transported, under chain of custody protocols, for testing by Dr. Smith. The following phased plan has been initiated.

**Analytical**

This is the assay portion of the project. A determination of what is contained in the material being tested. Is there sufficient precious metal to make this project potentially profitable? This

phase can be done rather rapidly. And from past experience the results of this phase should be positive.

### **Bench Scale**

This is the portion of the project that determines the extraction method to be used to separate the precious metals from the iron ore. There are various methods available and ECPN will select the method that is most cost effective, least harmful to the environment, and repeatable in a large-scale production environment.

### **Bulk Scale**

This phase utilizes the methods identified in the Bench Scale phase and implements them in a mini production environment. During this phase the amount of material processed could be on a scale of tons. Once a firm scale model is developed and tested, the Company would then be capable of building a Pilot Plant at the mine site replicating the Bench Scale model.

### **Pilot Plant**

The Pilot Plant would be constructed at the mine site. The capacity of production would be determined at that time, but it is expected that revenue generated could be significant.

As this work continues the shareholder community will be informed of the progress.

### **Additional Updates:**

- The concentrates shipped to Canada have been located and positive communication between the parties is ongoing. The sides are negotiating the protocol for the return of the material.
- While at the mine site, Dr. Smith collected approximately 20 kilograms of “concentrated” material. This material will be assayed to determine the potential value. If positive results are achieved further testing will commence with the goal of turning this material into revenue for the Company. The concentration level of this material is not known and the quantity is undetermined.
- The iron ore project proposal which was received by the previous management group has never formally been presented to the Board of Directors. There has been no review or discussion, but the Company’s understanding is that there is a Letter of Intent as well as a Non-Disclosure Agreement. The Board of Directors has not made a decision related to this project.
- Funds to finance the phased testing program, the return of the concentrates, and immediate cash requirements have been secured from members of the Board of Directors.

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