



Business Updates | 2019

March 4, 2019

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

Overview of Bench Scale Results

On February 18, 2019, ECPN received the results and analysis of Bench Scale Tests from our metallurgical laboratory. The tests were performed on samples from the El Capitan property in Lincoln County New Mexico previously submitted by Dr. Clyde Smith. The laboratory tests yield recoveries ranging in the high eighty and low ninety percentile range. These results present further credibility of the economic viability of the El Capitan property. The content of this Business Update has been reviewed and approved by Dr. Smith, who is a “Qualified Person” (QP). Dr. Smith stated, “The El Capitan ore is well suited to produce separate potentially economic magnetite (iron ore) and hematite (Au-Pt ore) concentrates.”

History and Meaning of Testing

In May 2018 it was recommended to ECPN by our QP that ECPN embark on a four-step procedure to validate the quality of the ECPN precious metal content, develop a method of recovery for the iron ore and precious metals, provide estimates of cost of recovery, and generate a flow sheet, identifying equipment and protocol for production. These four steps consisted of assay of the material, amenability tests to indicate percentage of recoverability, bench scale test to reveal the equipment cost to extract the precious metals, and a bulk test to provide information regarding the viability of a production facility.

First, the assay test on the samples collected by Dr. Smith would remove the magnetite iron ore for the purpose of assaying the non-magnetic ore for precious metals. This would be accomplished by grinding the material to -100 and utilizing a magnetic separator to isolate the non-magnetic concentrate. As a result of this separation, the non-magnetic concentrate assayed 0.24 ounces per ton Au and 0.07 oz/t Pt, well within the range of potential economic viability.

Second, the amenability test would tell us which one of the three chemical recovery processes utilized would be the most effective in the recovery of the precious metals. The results were very good with average gold recoveries of over 90%.

Results of Bench Scale Test

Each of the two samples—EC-10 and EC-11—were collected by Dr. Smith in May of 2018.

The two samples have been assayed and subjected to sodium cyanide and/or sodium thiosulfate leach extractions over 72 hours. Results show that sodium cyanide recoveries on head ore assaying 0.064 oz/t Au and 0.072 oz/t Au are 88.4% and 88.2%.

Results show that sodium cyanide recoveries on non-magnetic, hematite-dominant fractions assaying 0.173 oz/t Au and 0.239 oz/t Au are 91.7%.

Results show that sodium thiosulfate recoveries on non-magnetic, hematite-dominant fractions

assaying 0.157 oz/t Au and 0.197 oz/t Au are 82.8% and 73.3 %.

Dr. Clyde Smith further stated that, “These results confirm that these El Capitan samples are of potential ore-grade in gold and that high percentage hydrometallurgical extraction results using industry-standard procedures on both head and non-magnetic fractions indicate excellent potential for profitable production of gold on El Capitan ores. In fact, extraction curves show that percentages of recovery are increasing at 72 hours indicating that even higher results could be expected. In addition, El Capitan samples have assayed significant platinum; hydrometallurgical leach extractions on platinum could possibly add to profitable production on El Capitan ores. (It should be noted that samples EC-10 and EC-11 may not be representative of the entire El Capitan drilled resource.) In addition, El Capitan ores have excellent potential for production of an economically viable iron ore.”

Next Step

Following successful performance of these laboratory tests yielding recoveries ranging in the high eighties to low ninety percentile range we have decided to proceed with the bulk scale testing of these samples using the sodium cyanide and sodium thiosulfate methods. This test will consist of recovering two tons of material, under chain of custody protocols, and delivering the material to the laboratory. One ton of the material will be run at a potential production-level capacity, while the other will remain as a control sample. The expected results from this test should be in line with the results seen in the amenability and bench scale tests.

Disclaimer

It should be noted that the Analytical Procedures and Protocols used in obtaining the various numbers and figures relating to the Precious Metals contents of the subject samples from the El Capitan iron ore body located in Lincoln County, New Mexico are presently under development and experimental. Any use of these results to infer validity or commercial feasibility of the subject ore body, prior to validation of the developed and finalized Analytical Protocols by a properly chosen third party engineering company or a Qualified Person (QP), should be done with great caution and/or proper disclaimers.

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.