



Business Updates | 2020

February 20, 2020

The El Capitan Board of Directors reports the following updates:

ECPN 2020 Capitalizing on the Past and Establishing the Future

ECPN has entered a new phase of planning to monetize ore sourced from the El Capitan Mine in Lincoln County, NM. Capitalizing on recently applied sodium thiosulfate techniques, ECPN has achieved documented separation of gold at the laboratory level. This breakthrough compels the company to seek additional investment in order to pursue the following three goals:

- Complete bulk scale testing as defined previously, utilizing the sodium thiosulfate methodology to confirm commercial viability.
- Conduct a Pre-Feasibility Study preparatory to full-fledged production to exploit the resource.
- Expand magnetic surveys and geologic studies to discover other deposits similar to El Capitan on adjacent acreage.

Background:

In 2018, ECPN management endeavored to identify a successful metallurgical procedure to extract gold from ECPN's El Capitan ore deposit. With consultation from Dr. Clyde Smith of Highlands Geoscience, AuRIC Metallurgical Laboratories accomplished the feat in bench scale laboratory tests, validating the potential for development of the mine to produce gold.

Key Metallurgic Extraction Data:

- Based on a 2014 NI 43-101 report, the El Capitan deposit has a measured resource of 141 million metric tons, that were arrived at using caustic fusion assays, containing 2.7 million ounces of gold. In 2018, two bulk samples (EC-10, EC-11) representative of the deposit were collected from outcrop by Dr. Smith and delivered under chain-of-custody to AuRIC Metallurgical for metallurgical extraction of gold. The results of testing of this material, as reported below, supersede the results reported in 2014.
- El Capitan ore includes the iron minerals magnetite and hematite. Magnetite is a strongly magnetic mineral readily separated into a commercially viable concentrate of > 62% Fe

(iron). Separation of magnetite leaves a gold-bearing, non-magnetic, hematite concentrate available for sodium thiosulfate leaching of gold and, possibly, platinum.

- Because gold-bearing ore may be separated into a non-magnetic, hematite concentrate, AuRIC in 2018 performed bench scale (250 grams) sodium thiosulfate leach tests on non-magnetic, hematite concentrates of EC-10 and EC-11. On head grades of 0.189 opt Au and 0.266 opt Au, respectively, results after 96 hours of leaching were 0.157 opt Au (82.8% recovery) and 0.197 opt Au (73.3% recovery). These recoveries confirm that El Capitan ore has exceptional potential for gold production.

Barrick Gold Corporation has demonstrated the viability of sodium thiosulfate leaching starting in 2016 at its Goldstrike Mine in Nevada, the largest gold mine in North America, that has produced 42 million ounces of gold to date. Incentive to commercially exploit the ore at El Capitan rests on the successful results of sodium thiosulfate leaching confirmed by AuRIC Metallurgical as well as successful commercial sodium thiosulfate production by Barrick Gold Corporation at Goldstrike.

Relevant Sodium Thiosulfate Benefits:

- Sodium thiosulfate produces comparable leaching results to sodium cyanide, the most commonly used leach chemical in gold mining.
- Sodium cyanide is a deadly chemical that has degraded environments at many mines around the world. Sodium thiosulfate, by contrast, is a relatively benign chemical that is not-toxic in the environment.

Use of Funds + Expected Results:

- Utilize a Pilot Plant located at AuRIC Metallurgical to demonstrate that the magnetic separator and the bulk leach tank facility are capable of producing high-quality magnetite and hematite concentrates and gold extractions on non-magnetic, hematite concentrate bulk samples.
- Conduct a Pre-Feasibility Study preparatory to full-fledged production with respect to exploitation of the resource.
- Use principally ground magnetic surveying and geologic mapping to conduct exploration for additional El Capitan type deposits on adjacent acreage.
- Provide working capital during this period so as to complete a business plan in conjunction with a Joint Venture partner or sale of the El Capitan property.
- Complete the reporting requirements required by the SEC and schedule a shareholder meeting.
- Demonstrate value to prospective partners and investors of a deposit that contains, at a minimum, 2.7 million ounces of gold.

Required Funds:

ECPN management currently in the process of seeking \$1,000,000 to execute testing, SEC compliance reporting, completion of a Pre-Feasibility Study, and exploration for additional El Capitan ore deposits on relevant adjoining land. The company recommends that the above be carried out under the direction of Dr. Smith working closely with AuRIC Metallurgical and ECPN Management and Board of Directors.

Timetable

Once funding is secured, management anticipates that the completion of Pilot Plant testing will take 60 days and be concurrent with compliance reporting. It is anticipated that the Pre-Feasibility Study and additional exploration will take an additional 120 days. At completion of the above, the company will publish all results.

Forward-Looking Safe Harbor Statement:

The statements included in this business update 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