



**Ask ECPN...  
Board Chairman Doug Sanders Answers Shareholder Questions**



**June 15, 2021**

**HOW DEEP ARE WE BURIED?**

Questions from Shareholders have been coming in —  
from the El Capitan website communications feature, forums,  
and via [AskECPN@gmail.com](mailto:AskECPN@gmail.com)

**Thank you for your support and messages of encouragement as we work  
to make 2021 the year that will change the course of El Capitan history.**

**Shareholder Question:**

Should I be offering you my congratulations — or my condolences? It seems as though you have taken on a big job with lot of baggage from past Boards...

**Doug Sanders' Response:**

What can I say? We were going nowhere — fast or slowly? Either way, it was nowhere! Or so it seemed to me. I've been involved with El Capitan in several roles over the past ten or twelve years, in addition to being a significant shareholder. It seemed like a 'now or never' move... given that iron prices are at an all-time high and that there's never been a doubt that the El Capitan mine is both huge and rich... in iron, precious metals (PMs), platinum group metals (PGM) and rare earth elements (REE). Some shareholders have advised me to move slowly, not too fast. My answer: We've been moving slowly, or not at all, for long enough!

As we stated in a Business Updates (posted to the ECPN website) last month: Our focus, as we dig out of serious debt and take on the tall order of getting into business, the hole is deep — in terms of debt and delinquencies — but our determination is high.

And I have to tell you that I wouldn't be in a position to move our interests forward had it not been for handful of other shareholders who helped fund the legal work, the mailing of shareholder Ballots, and additional expenses to get us to this point.

**Shareholder Question:**

Do you plan to expand the Board with additional Directors?

**Doug Sanders' Response:**

The previous Board let the D&O (Directors & Officers) insurance policy lapse; and I don't think it's fair, or prudent, to ask anyone to serve as a Director and take on that risk and liability. Until we are in a position to reinstate that insurance policy, I do not anticipate bringing on additional Board members.

As we mentioned in our first Business Update last week, the Company is on the brink of insolvency. I will not go into my thoughts on how a property, an asset, as rich as El Capitan could find itself in this predicament... but here we are. And you have my commitment that I'll be doing things a little differently. With no D&O insurance (and no money to fund a new policy) I will work as a sole director and surround myself with people who share my vision for the company and who can help move us forward toward those goals. Speaking of doing things differently, I repeat: I will not draw or accrue any salary until we have revenue coming in. And then the compensation will be at a fraction of what previous board members were paid or logged as accrued money due. And, by the way, the days of a \$500 payment to all Board members for the weekly phone-call meetings... are over.

**Shareholder Question:**

Who are the "advisors" that you have talked about? Do you plan to inform shareholders of who will make up your team? Can we get their names and why you chose them? And are there any former Directors or Board Members among your "advisors"?

**Doug Sanders' Response:**

The short answer: No. The team I've assembled — apart from Blair Dunn and his law firm — are all "working" for free and it's not fair to have them inundated with calls and questions that they're not in a position to answer. Suffice it to say that, at this point, the team I've pulled together cover all they key components we need to make informed decisions: legal, financial management, contracts, mine operations, logistics and transportation, communications, and metallurgy.

I'm well aware of the toxicity of some former ECPN management and Directors and I am not involving them as advisors, nor do I plan to. When we have money coming in and can get our D&O insurance back on track, it's likely that I'll expand the Board and those members' names will be public record. For now, they're just experienced and trusted advisors to the Board in key areas.

**Shareholder Question:**

What are your projections for El Capitan?

**Doug Sanders' Response:**

No projections. We've all seen enough of that over the years, I think. What you'll get from me are facts. The good, the bad, and the ugly. Certainly it's my intention to move us through and past the mess we're in... to the point where we have only good things on the horizon. First order of business: Get El Capitan *into business*. That means producing a product, selling it and getting paid.

In just a few short months — since the court order last year authorizing the election of a new board chairman and the subsequent vote in January of this year — we have accomplished quite a bit. And while we are still gathering information and documents related to the current state of the Company, I can assure you that we've already made inroads in terms of assessing our debt, building a team of expert advisors, determining what it will take to get current in our SEC filings — which are three years delinquent — and pursuing contracts that will generate revenue.

**Shareholder Question:**

Where are we with getting current on our filings with the SEC?

**Doug Sanders' RESPONSE:**

While that is certainly a high priority, it's going to take money. And money, right now, is one thing we don't have. The decisions and performance of prior Boards have created a situation that puts all of our investments at risk. That said, I'll reiterate: This is a high priority and will be one of the first things we address as soon as we're able to generate revenue or operating funds.

Our financial advisors estimate that it'll take approximately \$375,000 to get our SEC filings up to date. This includes the preparation of the new audits that are required but *does not* include payments due the accounting firm in arrears (totaling well over \$135,000) for work completed over the past three years. Which means we'd either need an infusion of operating capital — or the sale of iron or precious metals. All in, it's over \$500,000.

**Shareholder Question:**

What's the financial status of the company?

**Doug Sanders' RESPONSE:**

To put it bluntly: I've inherited a mess... El Capitan Precious Metals is in debt to the tune of approximately \$3.3 million. As I've previously stated, we are three years delinquent in SEC filings and that alone will have a total cost of approximately \$500,000.

In addition, the prior Board could not generate the funds to cover the monthly cost of a storage unit which housed chain-of-custody core samples generated from our core drilling program. That drilling program cost us well over \$1million and fueled the 43-101 Report.

The monthly cost on the storage unit was \$408... and after six missed payments — \$2,448 total — the storage facility auctioned off the contents of that storage unit. The storage facility was well within its rights to take that action. And — had we known about this even *one month* earlier — we could have, somehow, made one payment that would have bought us a little time and, most importantly, stopped the auction.

And it's a sobering thought to realize that the powers-that-be at the time (ie: the previous ECPN Board of Directors) could allow an asset worth millions of dollars to slip through their fingers. This is yet another example of what many consider the breaches of fiduciary obligations and inept management that put us on this path to change and led to the court order that sanctioned the January election. On a related note — and before we knew that those core samples had been auctioned off — our metallurgist told me that she'd like to “go to Denver to see the samples” and that “even the dust that has accumulated during storage, in addition to the core samples themselves, would be invaluable because... what better way to physically see what's 400 feet underground?” That opportunity and that asset is gone forever, as a result of decisions made by the previous Board.

And given the fact that NOT ONE board member on the Ballot voted for themselves in the January election... it begs the question: how much, if any, stock do these past Directors own — and how vested were they in the future of our company? Frankly, I have a hard time believing that anyone who was vested *and invested* in El Capitan could have allowed valuable core samples — an asset of the company that cost us over \$1 million to obtain, was relocated numerous times, maintained under lock and key, and secured under chain-of-custody protocols — to be put at risk without taking *any and every action* necessary to preserve and protect them.

Cash flow is the name of the game and we have several options we are actively pursuing. When we have hard news to report you will find that information on the El Capitan website. Until then, I continue to work diligently on your behalf — gathering as much past data as possible, including Board Minutes from the past five years and up-to-date reporting on Accounts Payable. As reported in a recent post to the

ECPN site, I've been successful in negotiating an agreement with A. Blair Dunn, a long-time associate of the company and, now, our Legal Counsel.

**Shareholder Question:**

I heard that Danny Martinez is still filing appeals. What's up with that?

**Doug Sanders' RESPONSE:**

Danny is free to pursue any course of action he chooses and I must assume that he thinks the course he has taken is a good one. I guess that Danny and the previous Board were more interested in fighting than fixing. I'll let his performance as a Board member for the past 3 years speak for itself; you can draw your own conclusions. I trust the guidance of our legal counsel and don't intent to spend any time worrying about Danny Martinez.

**Shareholder Question:**

What can I, as a shareholder, do to assist in your efforts?

**Doug Sanders' RESPONSE:**

Thanks for asking. There's no way we can get our SEC filings current without money coming in. And we've got two options: seek financial support from shareholders to get us into operation or push hard to secure short-term and long-term buyers for our iron ore and precious metals. In the interim, any and all financial support is appreciated. Feel free to contact me directly at: [AskECPN@gmail.com](mailto:AskECPN@gmail.com)

**Shareholder Question:**

There are rumors, postings, and questions about our stock not being tradeable in September, what do we do about that?

**Doug Sanders' RESPONSE:**

I've had a couple emails on this subject and we are looking into it.

**LASTLY...**We have been made aware of this post on a forum... **and it is not true.**

*Good news!! Looks like in the next couple of weeks, they will have raised enough money to get all the SEC filings current, and pay off majority of existing debt, the two lien holders on the property and reinstate insurance policies.*

For official — and accurate — information and regular updates on El Capitan Precious Metals, Inc. visit the company website: [elcapitanpmi.com](http://elcapitanpmi.com)

**Doug Sanders.**  
**Board Chairman and President**  
... and your 'El Capitan'

I welcome questions from shareholders  
and will do my best to give you straight answers.

You can reach me at:  
[AskECPN@gmail.com](mailto:AskECPN@gmail.com)