

EL CAPITAN PRECIOUS METALS, INC.

8390 VIA DE VENTURA, SUITE F-110, SCOTTSDALE, AZ 85258

PHONE 480.440.1449

June 3<sup>rd</sup> 2014

To: Chris Eustice  
Sr. Environmental Engineer  
MMD, Mining Act  
Reclamation  
Bureau 1220 South  
St. Francis Drive  
Santa Fe, NM 87505



Dear Mr. Eustice,

ECPN has submitted (7) original Mining Modifications to the existing permit as of 1999. Your packet is the black folder. Please keep in your files this letter. Paul Wade in Albuquerque is submitting the new proposed plan to the Environmental Air Quality which we know we need.

ECPN is exercising its right of way pursuant to its Patented Claim signed by the President of the United States. A copy of which you have in your folders. We have since taken legal action against the USFS-USDA in a Quiet Title Action filed, May 2014 through the office of our Attorney Blair Dunn.

Congressman Steve Pearce and State Representative Yvette Herrell have been notified in regards to the Forestry issue.

We would like to thank you very much for all your help and assistance.

If you have any questions or comments regarding this document or its contents, please contact me at by phone 480 414-7721 or by email; [c.mottley@elcapitanpmi.com](mailto:c.mottley@elcapitanpmi.com)

Sincerely,

Charles C. Mottley  
Chief Executive Officer

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June 3<sup>rd</sup> 2014

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Sr. Environmental Engineer  
MMD, Mining Act Reclamation Bureau  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Dear Mr. Eustice:

ECPN is interested in the detection, extraction, and preliminary, on-site processing of iron ore at the proposed Mining Permit Phased Areas (MPPA)—all of which are located in sections 10, 11, and 14 of T.8S, R.14E, N.M.P.M, Lincoln County, New Mexico. The distinct phases of our first series of incursions at the site will be listed and expounded upon in this document.

The Permit Total Boundary shall be 40 acres pursuant to the Licensed Survey completed by Riudoso Land Surveying Company and attached to page 6 & 7 of this Modification. This letter is to propose a phased plan of providing financial assurance (FA) for El Capitan Mining Operation. MMD's Guidance for Estimating Reclamation Costs was used in the preparation of this proposal. The initial disturbed area will be on 5 acres, totaling 15 acres. ECPN proposes to proceed with mining in three separate 5 acre phases, respective to which MPPA is being reclaimed.

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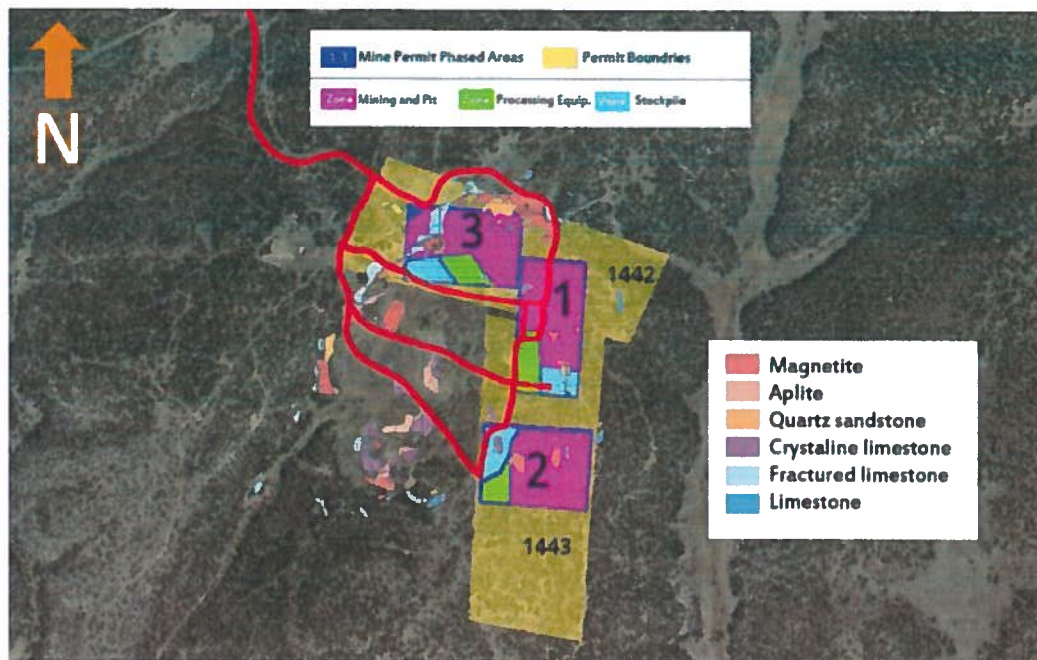


Figure 1: Work Areas are subdivided into operationally segregated zones, with a haul roads in red (see attached Permit Area Boundary) A full sized version is attached.

## MINING OPERATION

ECPN’s mining operation has been proposed to take place on three separate MPPAs, each requiring three phases to satisfactorily exploit the site and return the land back to dormancy. Only one MPPA will be operated on at any given time.

The ECPN mining operation will be subdividing each 5-acre MPPA into three independent zones: 1-acre for equipment and processing; 1-acre for stockpiling raw material for export; 3-acres for mining. Each point made will be respective of each distinct MPPA and will not be reiterated. These zones will be established in a manner that will be consistent with the existing site conditions and potential roadway locations.

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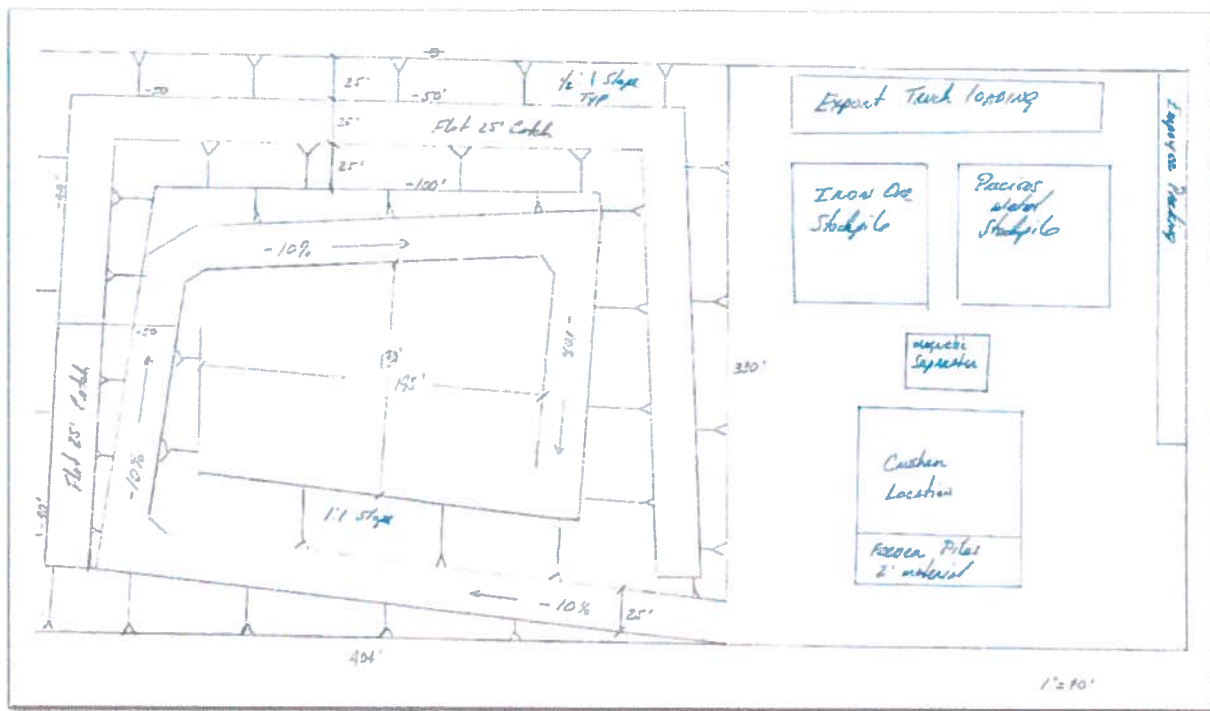


Figure 2: Depending on site conditions, this could be the MPPA layout for MPPA 2

### PHASE 1: MOBILIZATION AND ESTABLISHMENT


The first order of business will be to establish a level territory/pad from which the requisite equipment can properly operate. The haul roads will be established on existing trails and roads, per the plan on the map (above). One acre will be appropriately cleared and grubbed to accomplish this. Similarly, access roads will be created for the MPPA's vehicle traffic; dozers and other tertiary earthmoving equipment may be needed to accomplish this. Upon completion, the mobile mining equipment will be moved on-site, including a magnetic separator and a crusher. Then known list of primary mining equipment, thus far, is as follows:

- Cone Crusher—1300 Maxtrak by Scania
- Jaw—Premiertrak 400 by Scania
- Powerscreen—Chieftain 2100X by CAT
- Magnetic Separator—AuraSource

Next, a stockpile area will be established on a 1-acre portion of the MPPA, which will be adjacent to the access road. These stockpile areas will be where discriminated piles are formed based on contents (iron, precious metals, minerals, etc.).

### PHASE 2: MINING

ECPN will employ drilling and blasting as the primary method of material dissolution. Safety and licensing protocols will be implemented per the regulations that have been set forth in applicable local, state, and federal



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laws. Up to three acres of the MPPA are subject to being mined in this way. As can be seen on the map above, certain areas have more known quantities of desired resources than others.

Excavators, dozers, and other secondary pieces of equipment will extract the pulverized earth and transport it to the crusher, where it shall subsequently be conveyed through a magnetic separator for stockpiling. The contents of these stockpiles shall be transported off-site. This cycle will continue until the MPPA's economically retrievable reserves of iron ore and other desirable elements are exhausted.

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### PHASE 3: DEMOBILIZATION

Once Phase 2 is complete, ECPN will reclaim the mining pits, followed by a demobilization of its equipment and reclamation of the MPPA.

The closeout and reclamation plan will require ECPN to reseed the mining pit, equipment, and stockpile zones with appropriate vegetation for the region. 35 pounds of each of the following species of seed will be broadcast over the 5-acre MPPA (7 lbs./acre):

- Sideoats Grama
- Blue Grama
- Buffalo Grass (3-mix)
- Sand Rop
- Shrubby Deervetch

As is inherent to this Phase 3 operation, the reseeding will occur after Phase 2.

### TOPOGRAPHICAL MAP

The Permit Boundaries are located in the foothills of West Mountain; as such, they are in geographical region that is subjected to seasonal streams in precipitation events. However, as the following topographic and water maps show, the Permit Boundaries and the contained MPPAs are on a hillcrest and not subject to any existing stream paths.

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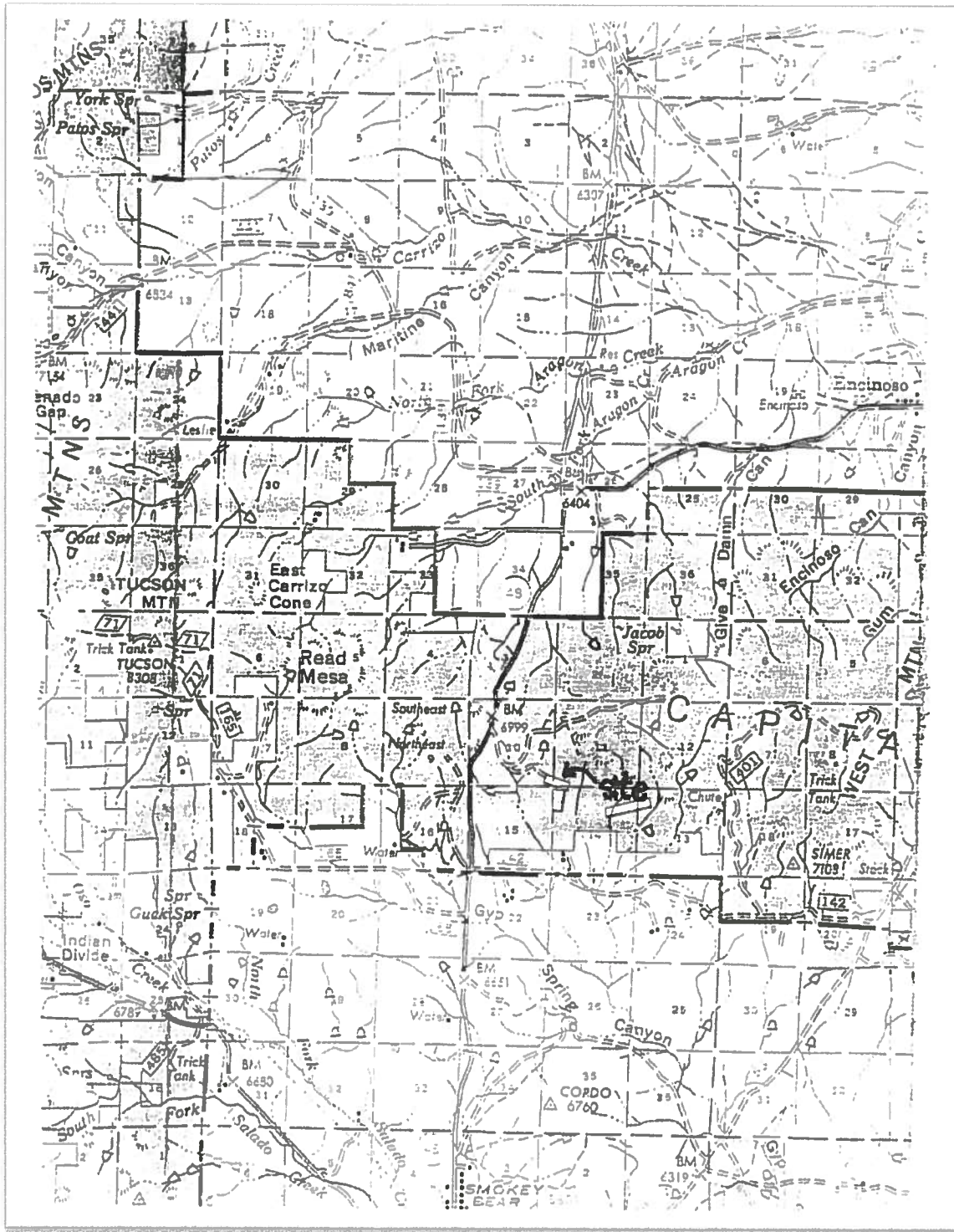


Figure 3: Map of known water formations, north of El Capitan, NM

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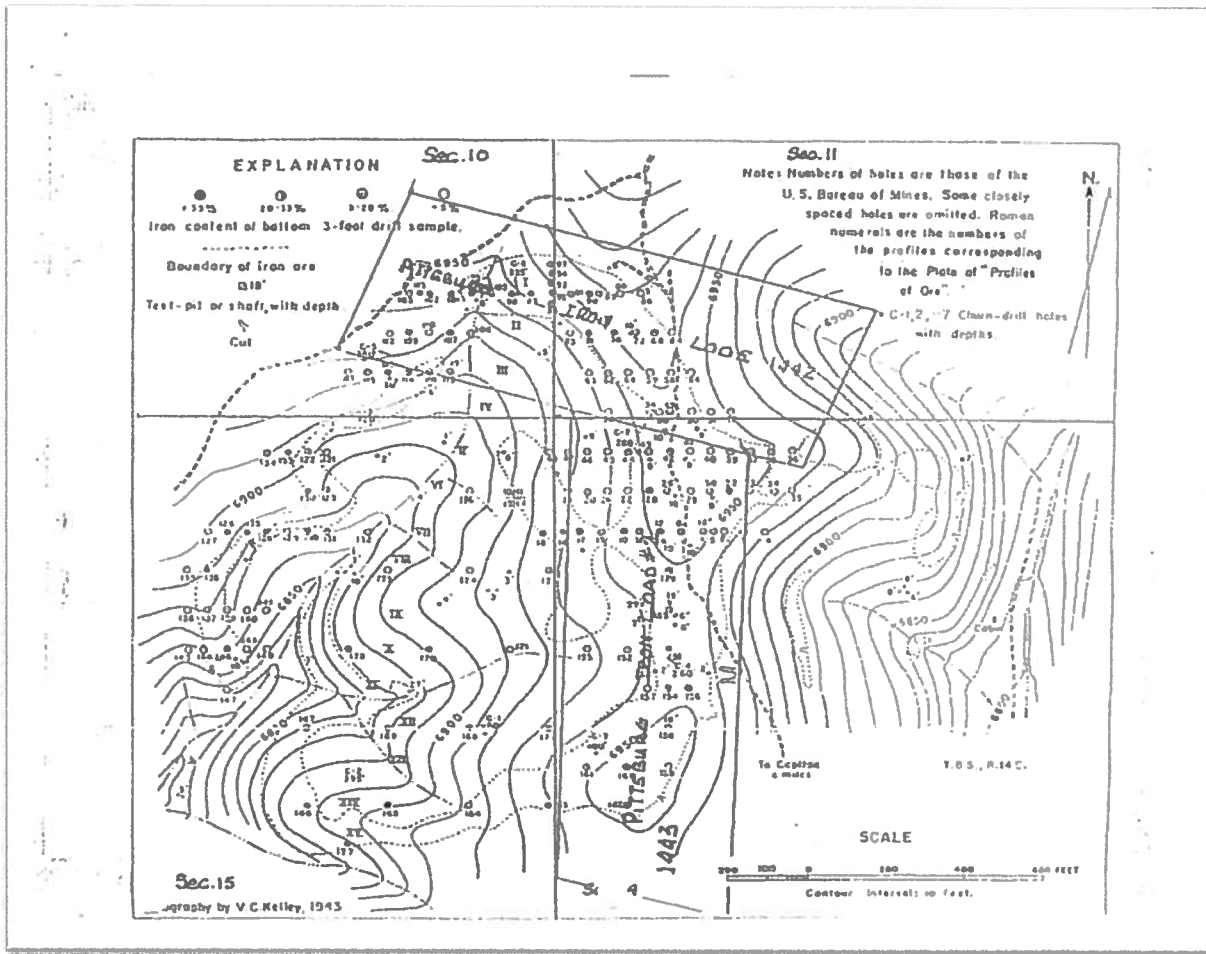


Figure 4: Topographical map of the local region of our Permit Boundaries

## RECLAMATION

The total working area during Phases 1 and 2 are 15 acres, which are subject to MMD financial assurance. Using the MMD guideline, this corresponds to \$15,597.

FA for all three Phase 3 operations is:

- \$5,400 for the first acre
- \$3,300 per additional acre, of which there are 14
- Totals to **\$51,600**

Additionally, the re-vegetation contingency is calculated as per MMD practice to be:

- \$800 per acre re-vegetation cost at a 0.6 factored failure rate
- Totals to **\$7,200**

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When reclamation, as per the third Phase at each MPPA and subject to the FA, MMD will release all remaining financial assurance.

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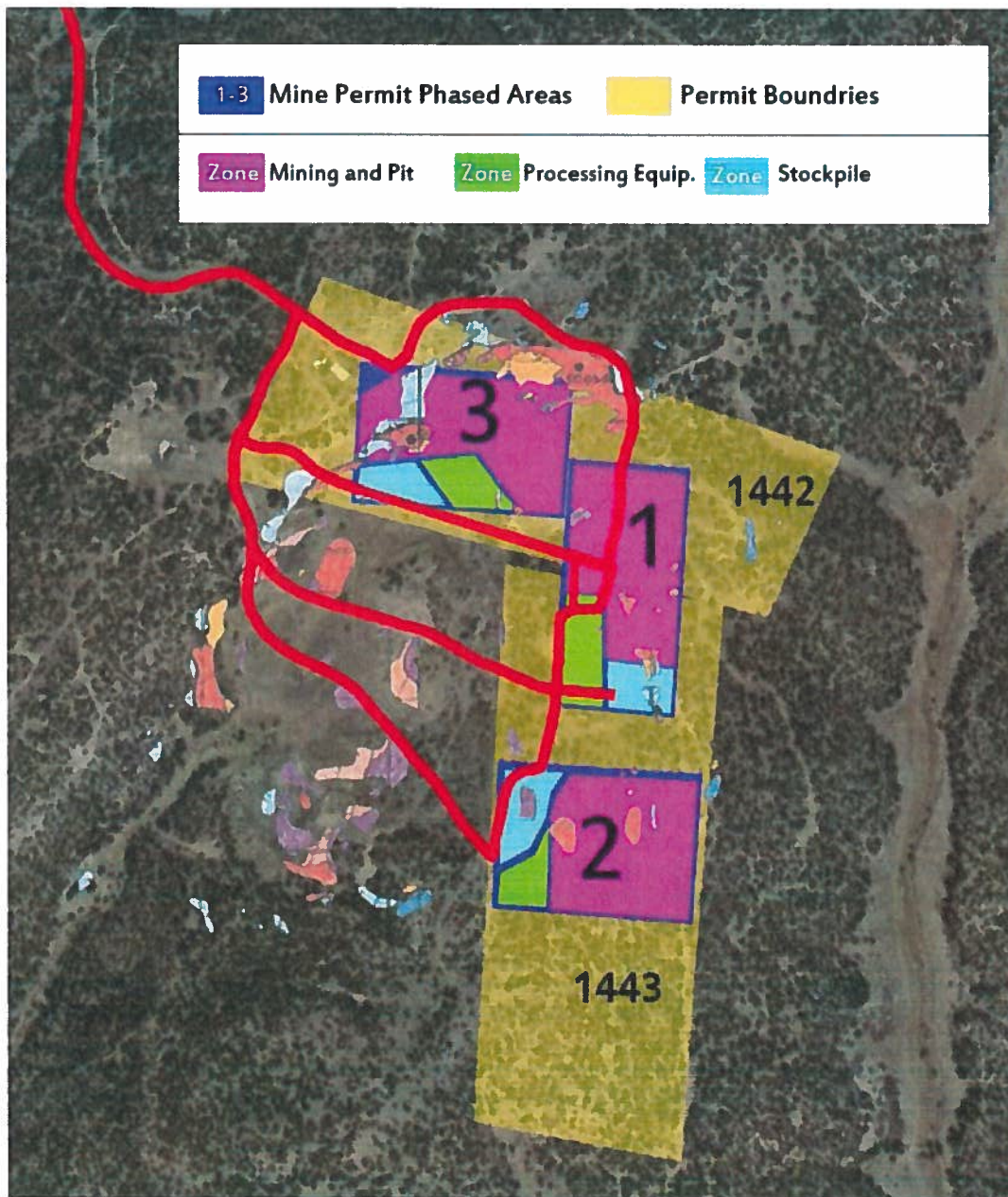
Sincerely,

*Charles C. Mottley*

Charles C. Mottley  
Chief Executive Officer

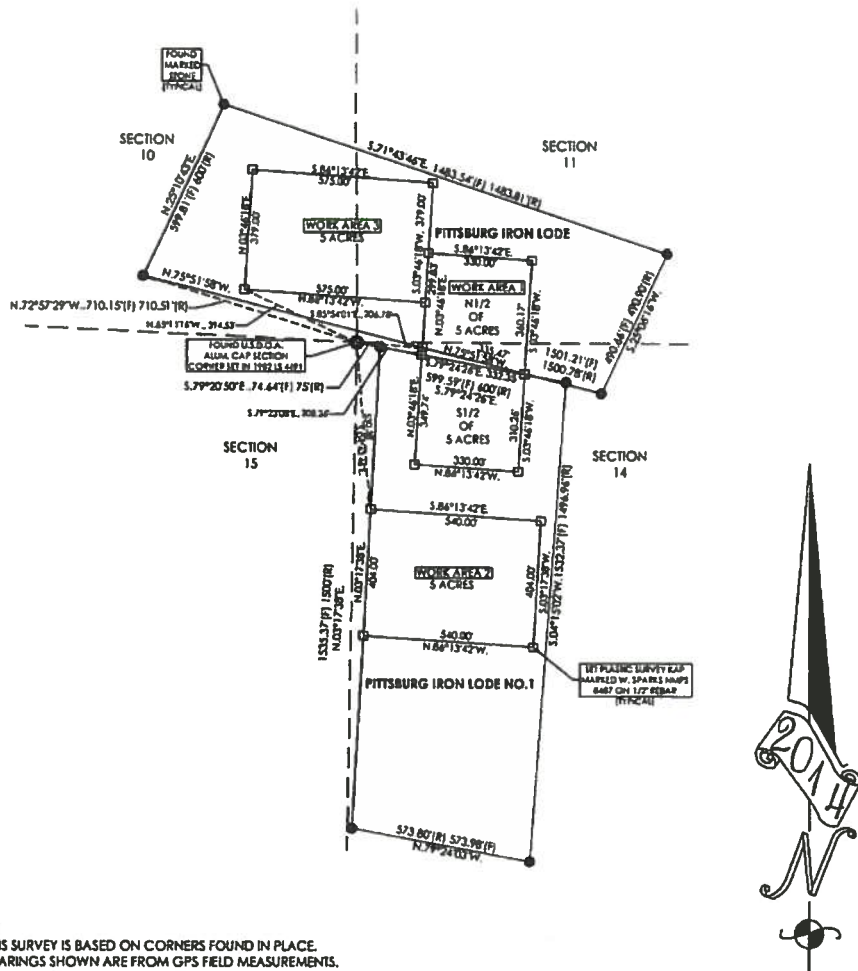


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PROPOSED WORK AREA WITHIN  
 PITTSBURG IRON LODE AND  
 PITTSBURG IRON LODE NO. 1 IN  
 SECTIONS 10, 11 AND 14,  
 T.8S., R.14E., N.M.P.M.,  
 LINCOLN COUNTY, NEW MEXICO.



- NOTES:  
 1) THIS SURVEY IS BASED ON CORNERS FOUND IN PLACE.  
 2) BEARINGS SHOWN ARE FROM GPS FIELD MEASUREMENTS.  
 3) [R] = RECORD DISTANCE, [F] = FIELD DISTANCE

I WYATT A. SPARKS, HAVE CONDUCTED AND AM RESPONSIBLE FOR THIS SURVEY, AND THAT THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.

*Wyatt A. Sparks* 5-6-2014  
 WYATT A. SPARKS DATE  
 R.P.L.S.-N.M. 06087

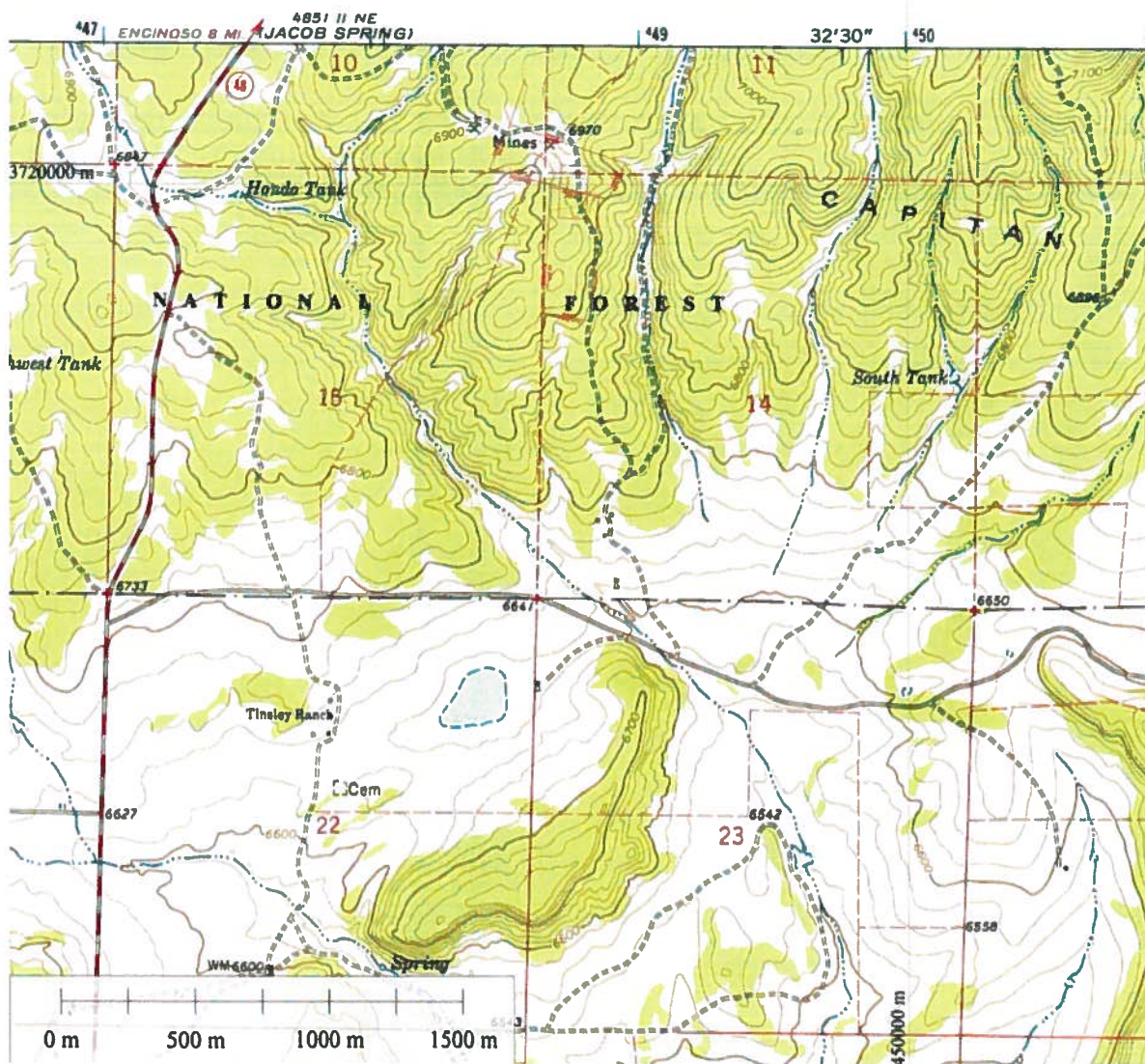


RUIDOSO ISLAND SURVEYING INC.  
 2907 1/2 SUDDERTH DRIVE  
 RUIDOSO, N.M. 88345 PH. 257-2818  
 SCALE 1"=400' JOB # 4457  
 DATE 5/5/2014 DRAFTER KAS SHEET 1 OF 1

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