



Our file - Notre référence
IQALUIT-#1242613

February 26, 2019

Belinda Labatte
Bonito Capital Corporation
76 Richmond Street East, Suite 300
Toronto, ON M5C 1P1

Sent via email: b.labatte@mandalayresources.com

**Re: Acceptance of HSBC Irrevocable Standby Letter of Credit No. PEBHTO231528 –
Amendment #13 - \$26, 100, 000**

Dear Ms. Labatte,

Please be advised that on behalf of the Minister of Indian Affairs and Northern Development, I accept the above referenced irrevocable standby letter of credit, amendment #13 that was issued by the HSBC bank on February 1, 2019. This financial guarantee in the amount of \$26,100,000 partially satisfies the reclamation security requirements specified under Part C, Item 1 of Nunavut Water Board Water Licence No. 2AM-LUP1520, Amendment #3.

As per Water Licence 2AM-LUP1520, Amendment #3, Part C Item 1 states that total security required is \$26,107, 303. Irrevocable Standby Letter of Credit (ILOC) N0. PEBHTO231528 Amendment #13 is in the amount of \$26,100,000, thus making the aforementioned ILOC less than what is required under the stated water licence by \$7,303. This amount remains outstanding.

The outstanding amount of security (\$7,303) shall be furnished with the Minister within 30 days of the date of this letter.

Please do not hesitate to contact me by telephone at (867) 975-4550 or by email at godwin.okonkwo@canada.ca for further information.

Sincerely,

Godwin Okonkwo
Manager, Water Resources Division
Nunavut Regional Office
Crown-Indigenous Relations and Northern Affairs Canada
P.O. Box 100
Iqaluit, NU X0A 0H0

Cc. Richard Dwyer, Manager of Licensing & Stephanie Autut, Executive Director, Nunavut Water Board