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By Licence Administrator at 1:38 pm, Jun 21, 2011



20 June 2011

Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU X0B 1J0

To Whom It May Concern

RE: APPLICATION 2BE-ULU0914

Reference is made to the 2010 Annual Report submitted in respect of Water License 2BM-ULU0914 issued to MMG Resources Inc. (successor to Wofloden Resources Inc.) (the "**Water License**") in respect of the Ulu gold deposit in Nunavut to which the Water License relates. In connection with the transfer of the Water License, we understand that the Nunavut Water Board has inquired about the status of certain updated reports referred to in the 2010 Annual Report.

More specifically, MMG Resources Inc. indicated that it would deliver the following updated reports (the "**Reports**") to the Nunavut Water Board by May 31, 2011:

- Update to the reclamation security obligations using the RECLAIM model;
- Waste management strategy and plan;
- Updated spill contingency plan reflecting current ownership;
- Care and maintenance plan; and
- Updated abandonment and restoration plan.

We acknowledge that the Reports remain outstanding. Since the 2010 Annual Report, MMG Resources Inc. made a decision to sell its interest in the Ulu gold deposit and has entered into an agreement with Bonito Capital Corp. and Elgin Mining Inc. for this purpose. The Nunavut Water Board has received the Water License transfer application in connection with this sale.

There has been no activity on the Ulu gold deposit site since the date of the 2010 Annual Report, nor is any activity planned prior to the completion of the sale. We propose that Bonito Capital Corp. and Elgin Mining Inc. be given a reasonable period of time after the completion of the sale to prepare updates to the Reports based on their plans for the Ulu gold deposit. Any updates to the Reports prepared by MMG Resources Inc. at this time would not reflect the planned operations on the site in the future and would need to be updated in any event by Bonito and Elgin once their plan for the Ulu gold deposit has been determined.

We trust this the foregoing is satisfactory however please do not hesitate to contact the undersigned should you have any questions or concerns.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Michael McConnell', is written over a light blue horizontal line.

Michael McConnell
Business Services Manager

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