



Water Resources Division
Nunavut Regional Office
Iqaluit, NU
X0A 0H0

NWB File: 2BM-ULU0914
CIDMS #: 473233

July 22, 2011

Re: 2BM-ULU0914 – Water License Assignment Application – Ulu Gold Project – Bonito Capital Corporation – Elgin Mining Incorporated.

Please be advised that the Water Resources Division of Aboriginal Affairs and Northern Development Canada (AANDC) have completed a review of the water license assignment application of 2BM ULU0914 from Minerals and Metals Group Resources Incorporated. (MMG) to Bonito Capital Corporation submitted by Jay F. King of Cassels, Brock and Blackwell LLP on behalf of Elgin Mining Incorporated. The NWB circulated the water license assignment application for comments on June 23, 2011. All documents related to the application posted on the NWB ftp site under 2BM-ULU0914 were included in my review (See attached Technical Review Memo).

Should you have any questions or comments, please do not hesitate to contact me at (867) 975-4282 or by email at Ian.Parsons@aandc-aadnc.gc.ca.

Sincerely,

Original signed by

Ian Parsons
Regional Coordinator



Technical Review Memorandum

To: Phyllis Beaulieu – Manager of Licensing, Nunavut Water Board

From: Ian Parsons – Regional Coordinator, Aboriginal Affairs and Northern Development Canada.

Re: 2BM-ULU0914 – Water License Assignment Application – Ulu Gold Project – Bonito Capital Corporation – Elgin Mining Incorporated.

Background

The Ulu mine site property has gone through a number of companies during its development. The sales and purchases of the Ulu Mine Site are described below:

Echo Bay Mines Ltd purchased the Ulu site lease from BHP in 1995 with plans to develop the property for additional mill feed to the Lupin mill. In January 2003, Kinross Gold Corporation acquired Echo Bay Mines Ltd. through a merger of companies. Following this, in December 2003, Wofden Resources Inc. (Wofden) purchased a 100% interest in the Ulu Gold Project from Kinross Gold Corporation. Zinifex Canada Inc. (Zinifex) purchased Wofden in 2007 and took over the Ulu mine site and assets.

In June 2008, Zinifex merged with Oxiana Limited forming OZ Minerals; subsequently the assets of OZ Minerals had been purchased by China Minmetals resulting in OZ Minerals becoming MMG Resources Inc (MMG).

On May 6, 2011 a purchase agreement between MMG and Elgin Mining Incorporated, declared that Bonito Capital Corporation, being a party to the purchase agreement, will acquire all of MMG's interest in the Ulu Mine Property.

The ULU Project is situated in Nunavut, with the underground exploration site at 66° 54' N latitude and 100° 58' W longitude. The ULU Project at this particular time is in a state of Care and Maintenance, and will remain in this condition until it is feasible to start up production again.



Recommendations/Comments

AANDC looks forward to the opportunity to review the updated security reclamation estimate at such a time as it is made available by Elgin Mining Ltd on behalf of Bonito Capitol Corporation.

Otherwise, AANDC has no concerns with the assignment of water license 2BM-ULU0914, from MMG Resources Inc. to Bonito Capital Corporation at this time

Cc. Tanya Trenholm, A/Manager of Water Resources – Aboriginal Affairs and Northern Development Canada, Nunavut Regional Office
Andrew Keim, Water Resources Officer, Field Operations – Aboriginal Affairs and Northern Development Canada, Nunavut Regional Office