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July 28, 2011

Kugluktuk

Bathurst Inlet Kingaok

Bay Chimo
Umingmaktok

Cambridge Bay Ikaluktutiak △⁵b⊸⁵⊃°∩⊲⁵⁵

> Gjoa Haven Okhoktok ▷⁵⁵/⁵⁵⁵

Taloyoak

Kugaaruk di ¹576 Dionne Filiatrault Executive Director Nunavut Water Board P.O Box 119 Gjoa Haven, NT X0B 1J0

Re: <u>Application for Assignment of Water Licence 2BM-ULU0914 – Water Compensation Agreement and KIA Extension Request</u>

Via email: dionne@nunavutwaterboard.org and licensing@nunavutwaterboard.org

Dear Ms. Filiatrault:

On June 16, 2011, the Nunavut Water Board (the Board) wrote to MMG Resources Inc. (MMG) and to Bonito Capital Corp. (Bonito) about the assignment application. This letter included a list of things that were still required before the Board could begin to process the application. This list included a letter from "each Designated Inuit Association and existing or other water users confirming that the proposed assignment does not negatively impact any existing water compensation agreements."

The undersigned, on behalf of the Kitikmeot Inuit Association (the KIA), the Designated Inuit Organization for the Ulu gold deposit, hereby confirms that the transfer of the water licence 2BM-ULU0914 does not negatively impact any existing water compensation agreements with the KIA in respect of the Ulu gold deposit. There currently are no existing water compensation agreements in place in relation to the Ulu gold deposit.

In its June 23, 2011 letter to MMG and Bonito, copied to the Kitikmeot Distribution List, the Board asked interested parties to make representations to the Board on the application for assignment of the Ulu water licence from MMG to Bonito (owned by Elgin Mining Inc.) by July 23, 2011. On July 22, 2011, the KIA requested a one week extension to this deadline.

The KIA no longer requires this extension to make representations to the Board on the application. The KIA has addressed its concerns about the Ulu site privately with Elgin Mining Inc. The KIA would like to thank the NWB for the opportunity to comment on this file. Please feel free to contact us if you have any questions.

Sincerely

Luigi Torretti

Senior Environment Officer KIA Lands & Environment