

# ELGIN

## — MINING —

### FOR IMMEDIATE RELEASE

#### **ELGIN MINING ENTERS INTO DEFINITIVE AGREEMENT TO ACQUIRE LUPIN GOLD MINE AND ULU GOLD DEPOSIT**

**TORONTO, ON, May 6, 2011** – Further to its press release dated April 25, 2011, Elgin Mining Inc. (TSX-V: ELG) (“Elgin” or the “Company”) is pleased to announce that it has entered into a definitive agreement (the “Acquisition Agreement”) with MMG Resources Inc. (“MMG”) and Bonito Capital Corp. (“Bonito”) to indirectly acquire the Lupin Gold mine and the Ulu gold deposit (the “Acquisition”), located in Nunavut Territory, Canada.

#### **Terms of Acquisition**

Pursuant to the terms of the Acquisition Agreement, immediately following the acquisition of Bonito by Elgin pursuant to the letter agreement dated April 21, 2011 between Bonito and Elgin (see Press Release dated April 25, 2011), Bonito has agreed to acquire the Lupin Gold Mine and the Ulu gold deposit and related properties and assets from MMG on an “as is where is” basis. Under the terms of the Acquisition Agreement, the purchase price payable to MMG to acquire the Lupin Gold Mine and the Ulu gold deposit is as follows:

1. \$4,815,000 payable in cash (including the \$350,000 deposit previously paid by Bonito to MMG for exclusivity); and
2. the issue on closing of 1,800,000 common shares of Elgin (the “Consideration Shares”).

As a condition of closing of the Acquisition, Bonito will also be required to replace the current MMG reclamation bonds (estimated to be \$27.185 million) with the Government of Canada (estimated to be \$25.5 million for Lupin and \$1.685 million for Ulu) which posted security for the reclamation liability at the Lupin and Ulu sites.

For a period of 12 months following the closing of the Acquisition, MMG has agreed, subject to certain exceptions, not to dispose of any of the Consideration Shares without the prior written consent of Elgin, which consent may be withheld in the sole and absolute discretion of Elgin.

The Acquisition is expected to be completed on or before June 30, 2011 and is subject to, among other things, approval by the TSX Venture Exchange.

A copy of the Acquisition Agreement will be available on Elgin's profile at [www.sedar.com](http://www.sedar.com).

### **About Elgin**

Elgin Mining Inc. has approximately \$46 million in cash available to complete the acquisitions of the Lupin Gold Mine and Ulu gold deposit as well as to commence aggressive exploration and development programs on each and to meet its obligations with respect to its recently announced option agreement with Lincoln Mining Corp.

### **FORWARD-LOOKING STATEMENTS**

*Certain information set forth in this press release contains "forward-looking statements" and "forward-looking information" under applicable securities laws. Except for statements of historical fact, certain information contained herein constitutes forward-looking statements which include management's assessment of Elgin's future plans and operations and are based on Elgin's current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as "expects", "anticipates", "believes", "projects", "plans", and similar expressions. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause Elgin's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Elgin undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.*

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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