Bonito Capital Corp.

A wholly owned indirect subsidary of Elgin Mining Inc.

Ulu Gold Project

Nunavut, Canada

Annual Report, 2011

(Care and Maintenance)

March 2012

Bonito Capital Corp.
Elgin Mining Inc.
#201 - 750 West Pender Street
Vancouver, BC, V6C 2T7

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1 Introduction

Elgin Mining (Elgin) purchased Bonito Capital Corp. (BCC), which owns the Ulu Gold Project (Ulu or Ulu Project), from MMG Resources Ltd. in July 2011. BCC is a wholly owned indirect subsidiary of Elgin. Elgin is a Canadian based company focused on the exploration and development of the Lupin Gold Mine and Ulu Project, both located in Nunavut, Canada. BCC remains the legal entity for holding Type B water licence 2BM-ULU0914 (Water Licence).

1.1 Project and Company Information

Company:	BCC
Project:	Ulu Project, Nunavut
Company Address:	201 – 750 W Pender St, Vancouver, BC, V6C 2T7
Telephone:	604-682-3366
Email:	shamm@elginmining.com
Attention:	Sharleen Hamm, Manager, Environment

1.2 Site Location

The Ulu Project is located on Inuit-owned land in the Kitikmeot Region, Nunavut, 150 km north of the Lupin mine. The geographic center of that property is 66° 54’27” N / 110° 58’24W (Figure 1).

1.3 Environmental Policy – Key Components

BCC looks to our employees, contractors and managers to adopt and grow a culture of environmental excellence. Together we achieve this by:

- Promoting environmental stewardship in all tasks. Nothing is too important that it cannot be done in a clean and responsible manner. We strive towards maintaining a zero-incident work place.
- Recognizing that we have a shared responsibility as stewards of the environment in which we operate. We will not walk away from a non-compliant act.
- Identifying, managing and mitigating environmental, business and social risks in an open, honest and transparent manner.
- Planning our work so it is done in the cleanest possible manner and executing work according to plan.
- Continually improving environmental and operational performance by setting and reviewing achievable targets.
- Providing appropriate and necessary resources in the form of training, personnel and capital, including that required for closure planning and reclamation.

- Managing our materials and waste streams, maintaining a high degree of emergency response preparedness and minimizing our operational footprint to maintain environmental protection at all stages of project development.
- Seeking to understand, learn from and mitigate the root causes of environmental incidents and near misses when they do occur.
- Employing systems and technology to achieve compliance, increase efficiency and promote industry best practices in development, operations and environmental stewardship.

1.4 Purpose

The purpose of this report is to fulfill annual reporting requirements under Part B Item 2 of the Water Licence for 2011. The Report is structured as per Part B Item 8 of the Water Licence.

1.5 Summary

The Ulu Project remained inactive throughout 2011. There were no uses of fresh water or unauthorized discharges in 2011. The site was accessed by BCC for monitoring purposes September 22, 2011.

Translations of this summary can be found in Appendix 1.

2 Reporting Requirements

2.1 Data Collected Under the Monitoring Program, Part B Item 8.a.

Results of sampling under the Monitoring Program (Schedule J) are summarized in Table 1. The analytical certificates are included in Appendix 2. A site map with sampling locations is provided in Figure 2.

Table 1 Summary of Analytical Results

Parameter	Limits	Concentrations	
		ULU-7.2011.09.22	ULU-8.2011.09.22
		22-SEP-11	22-SEP-11
Total Arsenic	1.0 mg/L	0.00268	0.00150
Total Cadmium[1,2]	0.000077/ 0.000084 µg/L	<0.000017	0.000043
Total Copper	0.6 mg/L	0.0023	0.0018
Total Lead	0.4 mg/L	<0.00050	<0.00050
Total Mercury[1]	0.000026	<0.000010	<0.000010
Total Nickel	1.0 mg/L	0.0014	0.0027
Total Zinc	1.0 mg/L	<0.0050	0.0353
TSS	50.0 mg/L	189*	3.2
Lab pH	6.0 to 9.5	7.56	7.67
Conductivity	na	595	655
Sodium	na	16.4	23.1
Calcium	na	87.0	98.0

*Exceeds maximum concentration limit set for ULU-7 and ULU-8

[1]Based on CCME Freshwater aquatic life guidelines

[2] Guideline is dependent upon hardness

na = No guideline

< = less than analytical method detection limit

2.2 Modifications and Construction, Part B Item 8.b

No construction work, modifications and/or major maintenance work carried out in 2011. BCC intends to access the site in 2012 and develop a work plan to conduct maintenance and repair work to the camp and fuel storage facilities.

2.3 Waste Disposal, Part B Item 8.c

No samples were collected from ore or waste rock and tested for acid generation in 2011.

2.4 Spill Contingency Planning, Part B Item 8.d

There were no unauthorized discharges in 2011.

2.5 Plan Updates or Revisions, Part B Item 8.e

The *Waste Management Plan*, *Spill Contingency Plan*, *Interim and Abandonment and Restoration Plan*, and *Care and Maintenance Plan* were updated and submitted to the Nunavut Water Board (NWB) in August 2011. Comments received from Environment Canada, Aboriginal Affairs and Northern Development Canada (AANDC) and the Kitikmeot Inuit Association (KIA) will be incorporated and the plans updated at least sixty (60) days prior to commencing activities at the site. An *Operation and Maintenance Plan* for the Sewage Treatment Facility will be submitted for approval prior to resuming activity on-site as per Part H Item 2. of the Water Licence.

2.6 Update Restoration Liability Estimate, Part B Item 8.f

An updated restoration liability estimate was submitted on August 25, 2011. Comments were received from Environment Canada, AANDC and the KIA prior to the comment closure date of December 31, 2011. The comments will be considered when the restoration liability estimate is reviewed and updated in 2012.

2.7 Inspection and Compliance Concerns, Part B Item 8.g

There were no inspection or compliance reports prepared by the Inspector in 2011.

2.8 Hazardous Materials Off-Site Shipment and Treatment, Part B Item 8.h

No hazardous materials were removed from the site in 2011.

2.9 Abandonment and Restoration Activities, Part B Item 8.i

No abandonment and restoration work activities were undertaken in 2011.

2.10 Studies and Reports, Part B Item 8.j

The *2011 Annual Geotechnical Inspection Report* of various earth structures was conducted and submitted to the NWB. BCC plans to address recommendations made in the report during 2012.

2.11 Public Consultation/Participation, Part B Item 8.k

Stakeholder engagement activities conducted by BCC commenced in third quarter 2011 and were ongoing throughout the remainder of the year and into 2012, as summarized in Table 2.

Table 2 Stakeholder Engagement Activities, Kitikmeot Region, 2011

Date	Location	Stakeholder Group	Purpose
August 9, 2011	Kugluktuk	KIA	• Introduction of Elgin Mining/Bonito Capital Corp. to the KIA
November 16, 2011	Yellowknife	KIA	• Introduction of new team members to KIA • Provided project update • Discussed contact person for employment and training • Discussed preferred method and timing of engagement activities

Activities subsequently undertaken include:

- Development of a Stakeholder Map, a tool for internal use by BCC to understand the various stakeholder groups and provide rationale for engagement activities;
- Ongoing engagement with relevant stakeholder groups;
- Commencement of consultation plan, strategic plan and communications plan development;
- Procurement of a facilitator to provide Inuit cultural awareness training to BCC management team; and
- Initiated working relationship with KIA Employment and training coordinator.

2.12 Water Use and Other Waste Disposal, Part B Item 8.l

There were no uses of fresh water or waste generation in 2011.

Legend

Project Location

Coordinate System: NAD_1983_UTM_Zone_12N

Map Sources/Notes:
Various Canadian Government Websites - Feb 2012

0 60 120 240 360 480 600 Km

1:15,000,000

Approved By: SH/AL
Project No.: ULU
File Name: Ulu-12-01-01-LocationMap-A.mxd

Prepared By: PW
Date Revised: 23 Mar 2012

Project: **Ulu Project**
Location: Kitikmeot Region, Nunavut, Canada

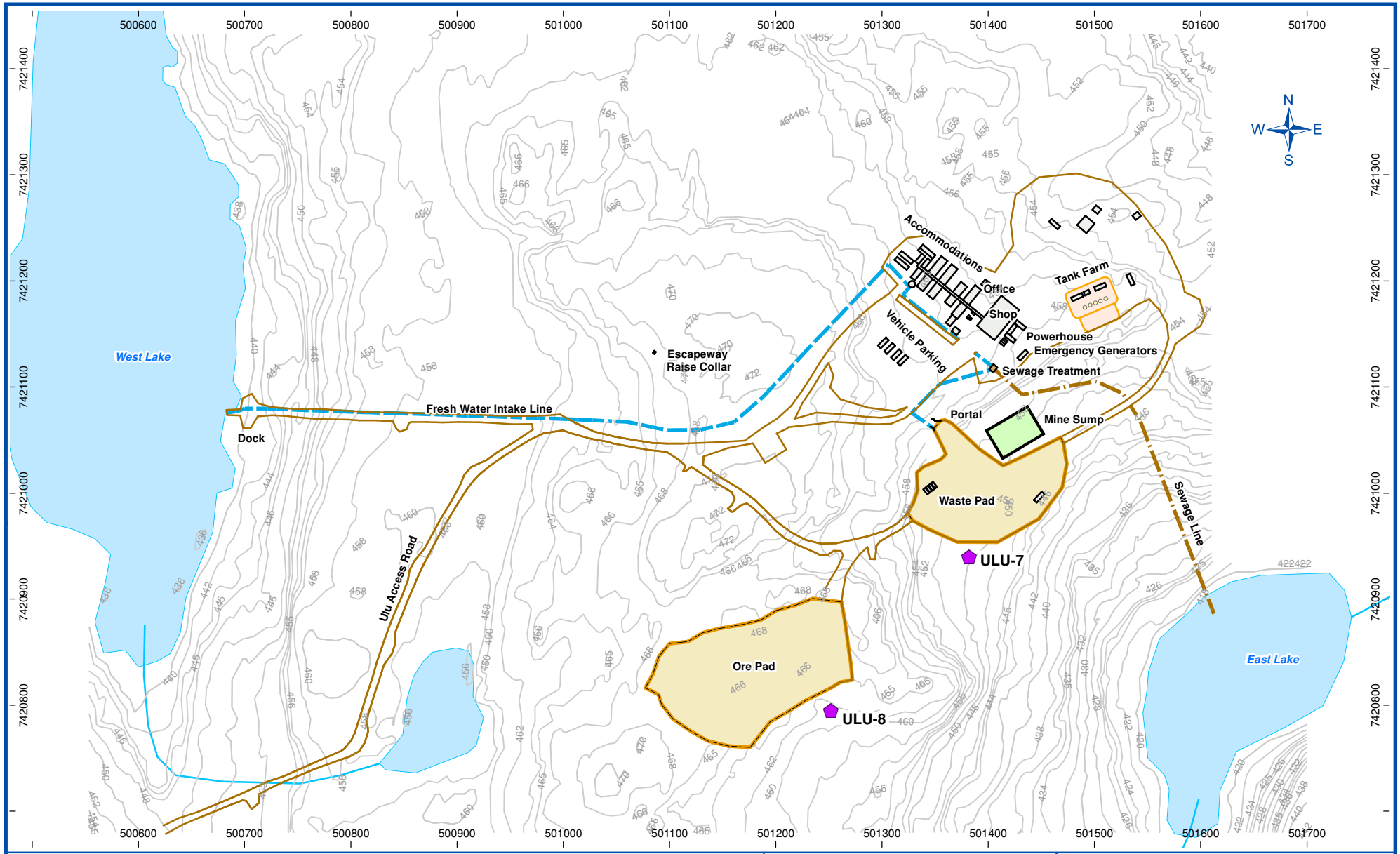
Ulu Gold Project Annual Report – Water Licence 2BM-ULU0914

Location Map - Ulu Project

Bonito Capital Corporation

ELGIN MINING INC.

Figure: 1
Rev: 120323



Legend

- Surface Seep Sample Location
- Sewage Line
- Water Line
- Road
- Tanks
- Buildings
- Berm
- Mine Sump
- Pad Area
- Sewage Treatment

Coordinate System: NAD_1983_UTM_Zone_12N
NTS Map Sheet 076L15

Map Sources/Notes:
Map titled "Proposed Site Layout Ulu Project" dated Nov, 2005 by Gartner Lee Ltd.

Meters
0 25 50 100 150 200
1:5,000

Approved By: SH/AL Prepared By: PW
Project No.: ULU Date Revised: 29 Mar 2012
File Name: Ulu-12-01-02-WaterQualityMonitoring-A.mxd

Project: **Ulu Project**
Location: Kitikmeot Region, Nunavut, Canada
Ulu Gold Project Annual Report – Water Licence 2BM-ULU0914

Water Quality Monitoring

Bonito Capital Corporation

ELGIN MINING INC.

Figure: 2
Rev: 120329

Appendices

Appendix 1 Inuktitut and Inuinnaqtun Translations: Annual Report Summary

Note: Translations are underway and will be forwarded to the Nunavut Water Board upon completion.

Appendix 2 Analytical Certificates

SRK CONSULTING (CANADA) INC.
ATTN: Arlene Laudrum
202 - 5204 50th Avenue
Yellowknife NT X1A 1E2

Date Received: 23-SEP-11
Report Date: 07-OCT-11 17:33 (MT)
Version: FINAL

Client Phone: 867-766-6332

Certificate of Analysis

Lab Work Order #: L1062554

Project P.O. #: LUPIN & ULU
Job Reference: ICE015.000
C of C Numbers: 10-101444
Legal Site Desc:

Comments: We did not received a preserved cut for the Ammonia analysis. On receiving day, a cut was taken out of the un-preserved bottle and preserved.

Andre Langlais
Account Manager

ALS ENVIRONMENTAL ANALYTICAL REPORT

	Sample ID	L1062554-1	L1062554-2	L1062554-3		
	Description	WATER	WATER	WATER		
	Sampled Date	21-SEP-11	22-SEP-11	22-SEP-11		
	Sampled Time	15:15	12:30	13:15		
	Client ID	LUP-19	ULU-7.2011.09.22	ULU-8.2011.09.22		
Grouping	**Analyte**					
WATER						
Physical Tests	Conductivity (uS/cm)	285	595	655		
	Hardness (as CaCO3) (mg/L)	103	266	297		
	pH (pH)	4.90	7.56	7.67		
	Total Suspended Solids (mg/L)	21.9	189	3.2		
Anions and Nutrients	Alkalinity, Total (as CaCO3) (mg/L)	<2.0				
	Ammonia (as N) (mg/L)	0.121 PEHT				
Total Metals	Aluminum (Al)-Total (mg/L)	2.10	0.0440	0.0511		
	Antimony (Sb)-Total (mg/L)	<0.00050	<0.00050	<0.00050		
	Arsenic (As)-Total (mg/L)	0.253	0.00268	0.00150		
	Barium (Ba)-Total (mg/L)	0.023	0.032	<0.020		
	Beryllium (Be)-Total (mg/L)	<0.0010	<0.0010	<0.0010		
	Bismuth (Bi)-Total (mg/L)	<0.20	<0.20	<0.20		
	Boron (B)-Total (mg/L)	<0.10	<0.10	<0.10		
	Cadmium (Cd)-Total (mg/L)	0.000355	<0.000017	0.000043		
	Calcium (Ca)-Total (mg/L)	17.7	87.0	98.0		
	Chromium (Cr)-Total (mg/L)	0.0019	<0.0010	<0.0010		
	Cobalt (Co)-Total (mg/L)	0.0690	<0.00030	0.00051		
	Copper (Cu)-Total (mg/L)	0.0332	0.0023	0.0018		
	Iron (Fe)-Total (mg/L)	2.23	0.128	0.113		
	Lead (Pb)-Total (mg/L)	0.00472	<0.00050	<0.00050		
	Lithium (Li)-Total (mg/L)	0.0160	<0.0050	0.0089		
	Magnesium (Mg)-Total (mg/L)	14.2	11.8	12.6		
	Manganese (Mn)-Total (mg/L)	1.19	0.0400	0.0786		
	Mercury (Hg)-Total (mg/L)	<0.000010	<0.000010	<0.000010		
	Molybdenum (Mo)-Total (mg/L)	<0.0010	<0.0010	<0.0010		
	Nickel (Ni)-Total (mg/L)	0.176	0.0014	0.0027		
	Phosphorus (P)-Total (mg/L)	<0.30	<0.30	<0.30		
	Potassium (K)-Total (mg/L)	2.3	4.8	5.9		
	Selenium (Se)-Total (mg/L)	<0.0010	<0.0010	<0.0010		
	Silicon (Si)-Total (mg/L)	7.05	3.54	2.19		
	Silver (Ag)-Total (mg/L)	<0.000020	<0.000020	<0.000020		
	Sodium (Na)-Total (mg/L)	3.7	16.4	23.1		
	Strontium (Sr)-Total (mg/L)	0.0750	0.122	0.112		
	Thallium (Tl)-Total (mg/L)	<0.00020	<0.00020	<0.00020		
	Tin (Sn)-Total (mg/L)	<0.00050	<0.00050	<0.00050		
	Titanium (Ti)-Total (mg/L)	0.025	<0.010	<0.010		
	Uranium (U)-Total (mg/L)	0.00031	<0.00020	<0.00020		

* Please refer to the Reference Information section for an explanation of any qualifiers detected.

ALS ENVIRONMENTAL ANALYTICAL REPORT

	Sample ID	L1062554-1	L1062554-2	L1062554-3		
	Description	WATER	WATER	WATER		
	Sampled Date	21-SEP-11	22-SEP-11	22-SEP-11		
	Sampled Time	15:15	12:30	13:15		
	Client ID	LUP-19	ULU-7.2011.09.22	ULU-8.2011.09.22		
Grouping	**Analyte**					
WATER						
Total Metals	Vanadium (V)-Total (mg/L)	0.0012	<0.0010	<0.0010		
	Zinc (Zn)-Total (mg/L)	0.0897	<0.0050	0.0353		

* Please refer to the Reference Information section for an explanation of any qualifiers detected.

Reference Information

Qualifiers for Individual Parameters Listed:

Qualifier	Description
PEHT	Parameter Exceeded Recommended Holding Time Prior to Analysis

Test Method References:

ALS Test Code	Matrix	Test Description	Method Reference**
ALK-COL-VA	Water	Alkalinity by Colourimetric (Automated)	APHA 310.2

This analysis is carried out using procedures adapted from EPA Method 310.2 "Alkalinity". Total Alkalinity is determined using the methyl orange colourimetric method.

EC-PCT-VA	Water	Conductivity (Automated)	APHA 2510 Auto. Conduc.

This analysis is carried out using procedures adapted from APHA Method 2510 "Conductivity". Conductivity is determined using a conductivity electrode.

HARDNESS-CALC-VA	Water	Hardness	APHA 2340B

Hardness (also known as Total Hardness) is calculated from the sum of Calcium and Magnesium concentrations, expressed in CaCO3 equivalents. Dissolved Calcium and Magnesium concentrations are preferentially used for the hardness calculation.

HG-TOT-LOW-CVAFS-VA	Water	Total Mercury in Water by CVAFS(Low)	EPA 245.7

This analysis is carried out using procedures adapted from "Standard Methods for the Examination of Water and Wastewater" published by the American Public Health Association, and with procedures adapted from "Test Methods for Evaluating Solid Waste" SW-846 published by the United States Environmental Protection Agency (EPA). The procedure involves a cold-oxidation of the acidified sample using bromine monochloride prior to reduction of the sample with stannous chloride. Instrumental analysis is by cold vapour atomic fluorescence spectrophotometry (EPA Method 245.7).

MET-TOT-CCME-MS-VA	Water	Total Metals in Water by ICPMS (CCME)	EPA SW-846 3005A/6020A

This analysis is carried out using procedures adapted from "Standard Methods for the Examination of Water and Wastewater" published by the American Public Health Association, and with procedures adapted from "Test Methods for Evaluating Solid Waste" SW-846 published by the United States Environmental Protection Agency (EPA). The procedures may involve preliminary sample treatment by acid digestion, using either hotblock or microwave oven, or filtration (EPA Method 3005A). Instrumental analysis is by inductively coupled plasma - mass spectrometry (EPA Method 6020A).

MET-TOT-ICP-VA	Water	Total Metals in Water by ICPOES	EPA SW-846 3005A/6010B

This analysis is carried out using procedures adapted from "Standard Methods for the Examination of Water and Wastewater" published by the American Public Health Association, and with procedures adapted from "Test Methods for Evaluating Solid Waste" SW-846 published by the United States Environmental Protection Agency (EPA). The procedures may involve preliminary sample treatment by acid digestion, using either hotblock or microwave oven (EPA Method 3005A). Instrumental analysis is by inductively coupled plasma - optical emission spectrophotometry (EPA Method 6010B).

NH3-F-VA	Water	Ammonia in Water by Fluorescence	J. ENVIRON. MONIT., 2005, 7, 37-42, RSC

This analysis is carried out, on sulfuric acid preserved samples, using procedures modified from J. Environ. Monit., 2005, 7, 37 - 42, The Royal Society of Chemistry, "Flow-injection analysis with fluorescence detection for the determination of trace levels of ammonium in seawater", Roslyn J. Waston et al.

PH-PCT-VA	Water	pH by Meter (Automated)	APHA 4500-H "pH Value"

This analysis is carried out using procedures adapted from APHA Method 4500-H "pH Value". The pH is determined in the laboratory using a pH electrode

It is recommended that this analysis be conducted in the field.

PH-PCT-VA	Water	pH by Meter (Automated)	APHA 4500-H pH Value

This analysis is carried out using procedures adapted from APHA Method 4500-H "pH Value". The pH is determined in the laboratory using a pH electrode

It is recommended that this analysis be conducted in the field.

TSS-VA	Water	Total Suspended Solids by Gravimetric	APHA 2540 D - GRAVIMETRIC

This analysis is carried out using procedures adapted from APHA Method 2540 "Solids". Solids are determined gravimetrically. Total Suspended Solids (TSS) are determined by filtering a sample through a glass fibre filter, TSS is determined by drying the filter at 104 degrees celsius.

** ALS test methods may incorporate modifications from specified reference methods to improve performance.

The last two letters of the above test code(s) indicate the laboratory that performed analytical analysis for that test. Refer to the list below:

Laboratory Definition Code	Laboratory Location
VA	ALS ENVIRONMENTAL - VANCOUVER, BC, CANADA

Chain of Custody Numbers:

10-101444

Reference Information

GLOSSARY OF REPORT TERMS

Surrogate - A compound that is similar in behaviour to target analyte(s), but that does not occur naturally in environmental samples. For applicable tests, surrogates are added to samples prior to analysis as a check on recovery.
mg/kg - milligrams per kilogram based on dry weight of sample.
mg/kg wwt - milligrams per kilogram based on wet weight of sample.
mg/kg lwt - milligrams per kilogram based on lipid-adjusted weight of sample.
mg/L - milligrams per litre.
< - Less than.
D.L. - The reported Detection Limit, also known as the Limit of Reporting (LOR).
N/A - Result not available. Refer to qualifier code and definition for explanation.

Test results reported relate only to the samples as received by the laboratory.
UNLESS OTHERWISE STATED, ALL SAMPLES WERE RECEIVED IN ACCEPTABLE CONDITION.
Analytical results in unsigned test reports with the DRAFT watermark are subject to change, pending final QC review.

10- 101444

Chain of Custody / Analytical Request Form

Canada Toll Free: 1 800 668 9878

www.alsglobal.com

ALS Environmental

Page ___ of ___

Report To		Report Format / Distribution		Service Request: (Rush subject to availability - Contact ALS to confirm TAT)	
Company:	SRK Consulting	Standard: ✓	Other (specify):	X	Regular (Standard Turnaround Times - Business Days)
Contact:	Arlene Lowdrun	Select: PDF ✓	Excel ✓ Digital Fax		Priority (2-4 Business Days) - 50% surcharge - Contact ALS to confirm TAT
Address:	5204, 50th Avenue, Suite 202 Yellowknife NT	Email 1:	alowdrun@srk.com		Emergency (1-2 Business Days) - 100% Surcharge - Contact ALS to confirm TAT
Phone:	867 766 6332 Fax: 866 380 3458	Email 2:	lupinoperations@gmail.com		Same Day or Weekend Emergency - Contact ALS to confirm TAT

Invoice To	Same as Report ? (circle) Yes or No (if No, provide details)	Client / Project Information	
	Copy of Invoice with Report? (circle) Yes or No	Job #:	ICE015-000
Company:	SRK Consulting	PO / AFE:	LUPIN x ULU
Contact:	Matthew Lai	LSD:	
Address:	2200-1066 W. Hastings Vancouver		
Phone:	Fax:	Quote #:	

Lab Work Order # (lab use only)	L1062554	ALS Contact:	Sampler:

Analysis Request (Indicate Filtered or Preserved, F/P)

Sample #	Sample Identification (This description will appear on the report)	Date (dd-mmm-yy)	Time (hh:mm)	Sample Type	T. Metals	pH, cond., TSS	chloride	sodium, calcium	Ammonia	alkalinity, hardness	hardness						Number of Containers
	~~SEEP-DAM2~~ · 2011-09-21	21-09-11	3:15	water	X	X			X	X	X						
	ULU-7 · 2011.09.22	22.09.11	12:30	↓	X	X	X	X									
	ULU-8 · 2011.09.27	22.09.11	1:15	↓	X	X	X	X									

L1062554-COFC

Special Instructions / Regulations / Hazardous Details

CCME - Commercial

Failure to complete all portions of this form may delay analysis. Please fill in this form LEGIBLY.

By the use of this form the user acknowledges and agrees with the Terms and Conditions as specified on the back page of the white - report copy.

SHIPMENT RELEASE (client use)			SHIPMENT RECEPTION (lab use only)				SHIPMENT VERIFICATION (lab use only)			
Released by:	Date:	Time:	Received by:	Date:	Time:	Temperature:	Verified by:	Date:	Time:	Observations: Yes / No ? If Yes add SIF
A Lowdrun	27/09/11	10:30	RD	Sep 26	16:35	6 °C				

REFER TO BACK PAGE FOR ALS LOCATIONS AND SAMPLING INFORMATION | WHITE - LABORATORY COPY | YELLOW - CLIENT COPY | GENF 18.01 Front