



April 24, 2014

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU X0B 1J0

By email (phyllis.beaulieu@nwb-oen.ca)

Re: 2013 Annual Report: Ulu Advanced Exploration Project Type B Water Licence
 (2BM-ULU0914).

Dear Ms. Beaulieu,

Bonito Capital Corp (BCC) is pleased to submit the attached 2013 Annual Report for the Ulu Advanced Exploration Project (Project) in accordance with Type B water licence 2BM-ULU0914 Part B, Item 8.

Please note that there was only limited Project activity in 2013 including two site visits consisting of one day-trip and one overnight visit for on-going care and maintenance of facilities. None of the visits involved water use or waste disposal. The attached table and information summary address the 2013 annual reporting requirements.

Should you have any questions please contact the undersigned.

Yours truly,

A handwritten signature in black ink, appearing to read "Patrick Downey", with a stylized flourish at the end.

Patrick Downey
President and CEO

2BM-ULU0914 2013 Annual Reporting: Part B, Item 8 Requirements

The Licensee shall file an Annual Report on the appurtenant undertaking with the Board no later than March 31st of the year following the calendar year being reported, which shall contain the following information:

Requirement	Licensee Response
a. tabular summaries and analysis of all data collected under the Monitoring Program, Part J;	Please refer to June 2013 Monthly Monitoring Report (Appendix A). Note that the water sampled was not decanted in 2013.
b. a summary of construction work, modification and/or major maintenance work carried out on the Water Supply Facilities and Sewage Treatment Facility, including all associated structures, and an outline of any work anticipated for the next year;	Not applicable in 2013 due to care and maintenance status.
c. results from acid generating samples collected on ore and waste rock as referred to in Part D, Item 10.	Not applicable in 2013 due to care and maintenance status.
d. a list of unauthorized discharges and follow-up action taken;	Not applicable in 2013 due to care and maintenance status.
e. updates or revisions to the Waste Management Plan, Spill Contingency Plan, Abandonment and Restoration Plan, Operations and Maintenance Plan and Care and Maintenance Plan. Revisions may be subject to Board approval;	Not applicable in 2013 due to care and maintenance status.
f. an updated estimate of the restoration liability, as required under Part B, Item 5 and 6, based upon the results of the restoration research, project development monitoring, and any modifications to the site plan;	No changes due to care and maintenance status.
g. a brief description of follow-up action taken to address concerns detailed in inspection and compliance reports prepared by the Inspector;	See summary below of September 2013 site visit to carry out care and maintenance activities and respond to July 5, 2013 Inspector's report.
h. a summary of hazardous materials shipped out, the treatment received, and the location of the approved treatment facility to which they were sent;	See summary below of September 2013 site visit to carry out care and maintenance activities including backhaul of waste materials.
i. a summary of any abandonment and restoration work completed during the year and an outline of any work anticipated for the next year;	Not applicable in 2013 due to care and maintenance status.

j. a summary of any specific studies or reports requested by the Board, and a brief description of any future studies planned or proposed;	2013 Geotechnical Inspection Report was submitted November, 2013.
k. a public consultation/participation report describing consultation with local organizations and residents of the nearby communities, if any were conducted;	Community visits were not carried out in 2013. However, the Licensee remains available to discuss the project with community leadership if interested.
l. any other details on water use or waste disposal requested by the Board by November 1st of the year being reported.	No additional information was requested by the Board.

Summary of 2013 Care and Maintenance Site Visits

The following site visits, as documented in the monthly reports submitted to the NWB, were carried out by the Licensee in 2013 to ensure the site is safe and that environmental risks are minimized during the care and maintenance of the Project site:

June 17, 2013: The Licensee carried out a site visit and collected water samples from the Main Camp Tank Farm Berm and the Mine Water Sump in preparation for dewatering; however, discharge did not occur.

Sept 12-13, 2013: A crew of 3 people were on site to carry out care and maintenance activities and address issues raised on the July 5, 2013 Inspector's report. Activities included:

- Clean up of the drums at the airstrip and placement in a covered berm.
- Clean up of the drums in the berm refuelling area.
- Clean up of the drums in the tank farm area.
- Relocate drums that were by the rock pile back within the tank farm area.
- Backhaul drums for disposal off site with KBL (waste management company)



SRK also completed the annual geotechnical inspection of all containment areas on September 13th, 2013 and the report was submitted to the NWB in November 2013.

Appendix A

June 2013 Monthly Monitoring Report

Bonito Capital Corp.
(a subsidiary of Elgin Mining Inc.)

02 July 2013

Ms. Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU
X0B 1J0

Dear Ms. Beaulieu

RE: Monthly Report for June 2013
Ulu Gold Project, Nunavut, License Number 2BM-ULU0914

Activity at Ulu during June consisted of a routine site inspection and the collection of water samples from the Main Camp Tank Farm Berm and the Mine Water Sump in preparation for dewatering. The facility has been in care and maintenance since September 2012. The laboratory results of the samples collected on June 17, 2013 are shown in Tables 1 and 2.

Table 1: Main Camp Tank Farm Berm – June 17, 2013 @ 12:05 hrs: Lab # L1318335-1


Parameter	Results	Max Average Concentration (mg/L)	Max Concentration of Any Grab Sample (mg/L)
pH	7.44	6.0 – 9.5	6.0 – 9.5
TSS	<3.0	25.0	50.0
Oil & Grease	10.0 & Visible Sheen	5.0 and no visible sheen	10.0 and no visible sheen
Total Ammonia	<0.050	2.0	4.0
Total Lead	0.00990	0.2	0.4
Benzene	<0.00050	0.37	-
Toluene	<0.00050	0.002	-
Ethyl Benzene	<0.00050	0.090	-

Table 2: Mine Water Sump – June 17, 2013 @ 13:45 hrs: Lab # L1318335-2

Parameter	Results	Max Average Concentration (mg/L)	Max Concentration of Any Grab Sample (mg/L)
pH	8.01	6.0 – 9.5	6.0 – 9.5
TSS	3.0	25.0	50.0
Oil & Grease	<1.0 & nvs	5.0 and no visible sheen	10.0 and no visible sheen
Total Arsenic	n/a	0.5	1.0
Total Lead	<0.00025	0.2	0.4
Total Copper	n/a	0.3	0.6
Total Nickel	n/a	0.5	1.0
Total Zinc	n/a	0.5	1.0

If you have any questions regarding the above, please do not hesitate to contact me.

Sincerely,
Bonito Capital Corp.


for Wayne Osborne
Project Manager