

BONITO CAPITAL CORP.

March 31, 2016

Karen Kharatyan  
A/Manager of Licensing  
Nunavut Water Board  
P.O. Box 119  
Gjoa Haven, NU X0B 1J0

**By email** karen.kharatyan@nwb-oen.ca

**Re:** 2015 Annual Report: Ulu Advanced Exploration Project Type B Water Licence (2BM-ULU1520).

Dear Ms. Kharatyan,

Bonito Capital Corp (BCC) is pleased to submit the attached 2015 Annual Report for the Ulu Advanced Exploration Project (Project) in accordance with Type B water licence 2BM-ULU1520 Part B, Item 8.

On May 30, 2014 BCC submitted a Water Licence Renewal Application. The water licence expired on August 31, 2014. The water licence renewal was issued on May 13, 2015.

Please note that there no project activity in 2015 with exception of four day trips. These day trips were carried out to complete INAC inspections, geotechnical inspection by SRK and the KIA as well advance work towards a Preliminary Economic Assessment by WPC Resources. There was no domestic water consumed and no of graywater produced.

The information summary and appendices address the 2015 annual reporting requirements.

Should you have any questions please contact the undersigned.

Yours truly,

*"Karyn Lewis"*

Karyn Lewis

76 Richmond Street East, Suite 330  
Toronto, ON, M5C 1P1, Canada  
Tel: 778-386-7340

## **Executive Summary - English**

Bonito Capital Corp (BCC) submitted its 2015 Annual Report to the Nunavut Water Board for the Ulu Advanced Exploration Project (Project) in accordance with Type B water licence 2BM-ULU1520 Part B, Item 8.

On May 30, 2014 BCC submitted a Water Licence Renewal Application. The water licence expired on August 31, 2014. The water licence renewal was issued on May 13, 2015.

Please note that there no project activity in 2015 with exception of four day trips (see Appendix A). There was no domestic water consumed and no graywater produced.

Included in the annual report is a table, information summary and appendices addressing the 2015 annual reporting requirements.

## 2BM-ULU1520 – 2015 BCC Annual Reporting Requirements - Part B, Item 8

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:

***a. tabular summaries and analysis of all data collected under the Monitoring Program, Part J;***

No water intake or discharge in 2015. No water samples collected.

***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;***

No construction, modification and/or major maintenance was carried out this year on the Water Supply Facilities and Sewage Treatment Facility.

***c. results from acid generating samples collected on ore and waste rock as referred to in Part D, Item 11.***

No samples were collected from ore or waste rock and tested for acid generation in 2015.

***d. a list of unauthorized discharges and follow-up action taken;***

No unauthorized discharges in 2015.

***e. updates or revisions to the Waste Management Plan, Spill Contingency Plan, Abandonment and Restoration Plan, Operations and Maintenance Plan, Care and Maintenance Plan and any other plans associated with the Licence. Revisions may be subject to Board approval;***

Updates to following plans are included with this annual report:

- Appendix E - Waste Management Plan
- Appendix F - Spill Contingency Plan
- Appendix G - Interim Abandonment and Restoration Plan
- Appendix H - Sewage Treatment Plan and Operations and Maintenance Plan
- Appendix I - Care and Maintenance Plan

***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;***

A cost estimate is attached under Appendix D.

**g. a brief description of follow-up action taken to address concerns detailed in inspection and compliance reports prepared by the Inspector;**

Water Resource Inspector was at site on July 15, 2015 to complete a site visit. There was discussions/correspondence between the Inspector and BCC to address the Inspectors concerns which are located on the NWB ftp site (as well as attached in Appendix B).

**h. report all artesian flow occurrences as required under Part F, Item 3;**

No artesian flow occurrences to report during 2015.

**a summary of hazardous materials shipped out, the treatment received, and the location of the approved treatment facility to which they were sent;**

No hazardous waste was removed from site.

**i. a summary of any abandonment and restoration work completed during the year and an outline of any work anticipated for the next year;**

No abandonment and restoration work was completed this year. Work anticipated to be completed in 2016 includes:

- Measures to establish sediment control to prevent further sediment loading of streams that have been affected by road deterioration.
- Hazardous waste is to be moved into secondary containment.
- Barrels of fuel to be moved into secondary containment.
- Stop the flow of hydrocarbons from the fuel storage pad, prevent any further migration of hydrocarbons down-slope from the fuel storage pad and remediate the affected area.

**j. a summary of any specific studies or reports requested by the Board, and a brief description of any future studies planned or proposed;**

2015 Geotechnical Inspection Report and cover letter was submitted to the NWB – see Appendix C

Overall, the facilities are in good geotechnical condition; however, SRK makes the following recommendations for site maintenance and repairs:

- Cover all exposed liners and leading edges with granular fill for overliner protection.
- Repair all damaged liners in the fuel storage.
- Replace the broken cribbing at Camp 3 and re-level the fuel tank or decommission the tank.
- Repairs and perform maintenance on the liner in the mine sump shall be completed prior to utilizing it.

- Monitor the animal burrows in the fuel containment area for increased activities, damaged liner and fragments.

There are no issues requiring immediate attention identified in the report. The exposed and/or damaged liners will be covered and/or repaired in the 2016 summer season. Animal burrows will also be monitored.

The cribbing at Camp 3 tank farm will be repaired prior to any fuel delivery to the farm. Currently all the tanks in Camp 3 tank farm are empty.

As recommended, repairs and maintenance on the liner in the mine sump will be completed prior to utilize it.

***k. a public consultation/participation report describing consultation with local organizations and residents of the nearby communities, if any were conducted;***

BCC conducted a site visit to the Ulu Project on August 14-15, 2015 to assess the site and collaborate together to complete a reclamation estimate.

***l. any other details on water use or waste disposal requested by the Board by November 1st of the year being reported.***

The Nunavut Water Board did not request additional information for the 2015 reporting period.

## **APPENDICES**

Appendix A – Summary of 2015 Site Visits

Appendix B – Compilation of 2015 Inspection Reports and Responses

Appendix C – 2015 Geotechnical Report and Cover Letter

Appendix D – 2015 Cost Estimate

Appendix E - Waste Management Plan

Appendix F - Spill Contingency Plan

Appendix G - Interim Abandonment and Restoration Plan

Appendix H - Sewage Treatment Plan and Operations and Maintenance Plan

Appendix I - Care and Maintenance Plan

**Appendix A**  
**Summary of 2015 Site Visits**

## **Summary of 2015 Site Visits**

The following site visits were carried out by the Licensee in 2015 to complete INAC inspections, geotechnical inspections and advance work towards a Preliminary Economic Assessment of the Project site:

### August 6, 2015

A site inspection and a geotechnical inspection was undertaken on Aug 6th by Alvin Tong and a BCC representative. Please see August 23<sup>rd</sup> below.

### August 14-15, 2015

Two day trips to assess the Ulu site to assist in preparing a reclamation estimate with the KIA, their consultant and BCC consultant. No overnight stay at Ulu as all the participants stayed at the Lupin site.

### August 23<sup>rd</sup>, 2015

A site inspection and a geotechnical inspection were completed on Aug 23th by INAC, ARCADIS, Alvin Tong and Karyn Lewis. There were no significant issues observed. The geotechnical report and cover letter, for the geotechnical inspections carried out August 6<sup>th</sup> and August 23<sup>rd</sup>, were submitted to the NWB (see attached Appendix C).

### October 14, 2015

A day trip to the Ulu site was completed on October 14, 2015 by WPC Resources personnel along with a consultant to advance work towards completing a Preliminary Economic Assessment for the Ulu Project.

## **Appendix B**

### **Compilation of 2015 Inspection Reports and Responses**



## **Appendix C**

### **2015 Geotechnical Report and Cover Letter**

**Appendix D**  
**2015 Cost Estimate**

**Appendix E**  
**Waste Management Plan**

**Appendix F**  
**Spill Contingency Plan**

## **Appendix G**

### **Interim Abandonment and Restoration Plan**

## **Appendix H**

### **Sewage Treatment Plan and Operations and Maintenance Plan**

**Appendix I**  
**Care and Maintenance Plan**