

BONITO CAPITAL CORP.

March 31, 2018

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:** 2017 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 2017 Annual Report for the Ulu Advanced Exploration Project (Project) in accordance with Type B water licence 2BM-ULU1520 Part B, Item 8.

BCC carried out care and maintenance and progressive reclamation at the Ulu site during the 2017 season. The crew arrived at site on July 8<sup>th</sup>, 2017 and departed on August 27, 2017. There were between 2-4 people at site during July and August.

Site visits were carried out by the INAC inspector, KIA inspection, Norwest (geotechnical inspection and soil sampling), Norwest and Golder mine portal inspection.

There was 2,620 litres of water used in July and 2,710 litres of water used in August. Greywater was stored in a tank for disposal during 2018. All human waste and garbage was removed from site.

The information summary and appendices address the 2017 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 2017 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.

BCC carried out care and maintenance and progressive reclamation at the Ulu site during the 2017 season. The crew arrived at site on July 8<sup>th</sup>, 2017 and departed on August 27, 2017. There were between 2-4 people at site during July and August.

Site visits were carried out by the INAC inspector, KIA inspection, Norwest (geotechnical inspection and soil sampling), Norwest and Golder mine portal inspection.

There was 2,620 litres of water used in July and 2,710 litres of water used in August. Greywater was stored in a tank for disposal during 2018. All human waste and garbage was removed from site.

Included in the annual report is an, information summary and appendices addressing the 2017 annual reporting requirements.

## **2BM-ULU1520 – 2017 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;**

There was 2,620 litres of water used in July and 2,710 litres of water used in August.

**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 2017 as there was no water present to test.

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

No unauthorized discharges in 2017.

**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 were submitted with the 2015 annual report and BCC is awaiting comments and/or approval from the NWB:

- ☐ 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;**

The cost estimate remains the same as 2015.

A link to BCC's current cost estimate on the NWB ftp site is as follows:

<ftp://ftp.nwb-oen.ca/registry/2%20MINING%20MILLING/2B/2BM%20-%20Mining/2BM-ULU1520%20Bonito/3%20TECH/2%20SECURITY/2014-2015/141231%202BM-ULU0914%202014%20Reclaim%20and%20Basis%20of%20Costing-ILAE.pdf>

**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 conducted site visits on July 17, 2017 and August 20, 2017.

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 A).

- Bonito addressed the *disparity between the amount of security held in respect of this project, and the amount identified in the licence.*
- BCC carried out sampling of the water at the mine portal and retention pond, which both passed criteria as set out under water licence 2BMULU-1520.
- Norwest Engineering provided a report (see attached) on all the culverts at site, including GPS coordinates, photos and a map of the culvert locations. The report also addresses the road repairs to improve the integrity of the roads and reduce erosion and sediments issues.
- BCC discontinued use of the apron beside the tank farm that has been used for barrel storage. All barrels were removed and placed in secondary containment. BCC delineated the historical spill trails with some wooden stake to match the inspectors sample program, excavated the visible spill outside the berm area until there was no further discoloration and suspicious odours. (12 drums of soil in total) and emptied the area of all barrels, containers etc. Norwest Engineering attended site to assess the spill and provide our crew with some instructions to mediate the risk of future spills. Norwest Engineering also carried a sampling program to determine the extent of the spill (see attached). Repairs to the area, including elevating the down slop side of the berm, were carried to prevent the risk of future spills. The soil samples did not detect any hydrocarbon above the Tier 1 limits. Small stains around site where also addressed.

- BCC inspected a total of 157 drill holes, out of 365 drills, were inspected and if required, remediated as per water licence 2BM-ULU1520 during the 2017 season. The remaining 200 drill holes to be inspected and, if required, remediated will be completed during the 2018/2019 season.
- BCC installed silt fencing to mitigate sediment deposition as a result of a road washout and then added further silt fencing after the INAC inspector was at site in August 2017, as per her instructions. Please find attached a report from Norwest Engineering in regards to the above, including a photo of the additional silt fencing.
- BCC completed road repairs on the road to Camp 3 that occurred from a washout.
- BCC completed repairs on the retention pond.

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

No artesian flow occurrences to report during 2017.

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

BCC backhauled drums of oil/waste oil from site. The waste oil was shipped to KBL located in Yellowknife, NWT. Attached are the KBL manifests.

**j. 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.

BCC has a mechanic at site for two during the 2017 season to assess the equipment at site and determine any repairs/parts required for the right-sizing work to be completed during the 2018 season.

BCC did a large amount of general clean-up/maintenance at site, including consolidating all waste and staging it in secondary containment prior to removal from site. Staging areas were set-up and organized for the upcoming right-sizing work to be completed during the 2018 season. BCC continued to backhaul waste on the weekly flights from Ulu to Yellowknife.

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

The 2017 Geotechnical Inspection Report and cover letter was submitted to the NWB and are located on the NWB FTP site.

\*BCC has not attached the documents due to the large size of the file for email.

Norwest stated that the facilities are in good geotechnical condition and Norwest made the following maintenance and repair recommendations:

- Repair and test all the damaged liner, including the areas that were covered during maintenance work;
- Cover all exposed liner and any exposed edges with protective over-liner (sandy material);
- Replace the broken wooden cribbing in the Camp 3 fuel tank farm and re-level the tanks or decommission and remove the tanks from the containment; and,
- Document the as-built and mitigation work done at the fuel transfer area.

There are no issues requiring immediate attention identified in the report. The exposed liner in the main tank farm and day use fuel containment were covered with sandy material during the 2017 summer season. Bonito anticipates completed reclamation work next year to right-size the project and these items may be removed during 2018.

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.

Repairs to the access road were completed this season. Silt fencing in 2 different locations on the downstream side of the road where installed to mitigate sediment downstream.

Bonito will document the as-built and mitigation work done at the fuel transfer area next season.

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

BCC met with the KIA in Kugluktuk on July 18, 2017 and after the Ulu site visit at Lupin on July 11, 2017.

***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 2017 reporting period.

**APPENDICES**

Appendix A – Inspection Reports,  
Appendix B – KBL Waste Manifests

## **Appendix A**

### **Inspections Reports, Responses and Documentation**

## **Appendix B**

### **KBL Manifests**



