



September 5, 2019

By email: licensing@nwb-oen.ca; richard.dwyer@nwb-oen.ca

Nunavut Water Board
PO Box 119
Gjoa Haven, Nunavut X0B 1J0

Attention: Richard Dwyer, Manager of Licensing

Dear Mr. Dwyer;

Re: 2BM-ULU1520 – Bonito Capital Corporation – Ulu Gold Project – Assignment Application - Response to letter dated August 27, 2019 from Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC)

In its letter dated August 27, 2019 CIRNAC indicated that the Minister currently holds \$1,685,210.00 in connection with Water Licence 2BM-ULU1520, which is \$332 less than the total required. This letter is to advise the Board that the Letter of Credit securing this Water Licence was increased by \$332 to \$1,685,542.00 on January 24, 2017. A copy of the amended Letter of Credit is attached.

Having made inquiries with CIRNAC in the last week, it is now our understanding that this increase was not processed by CIRNAC at the time when it was made. To correct this situation we have provided a copy of the amended Letter of Credit to CIRNAC, with original to follow, and Mr. Ian Parsons of CIRNAC has confirmed by email on August 30, 2019 that CIRNAC is presently processing the increase.

We trust that this will not delay the Board's review of our application to assign the above noted licence to Blue Star Gold Corp., as Blue Star has already agreed to post the full amount of the required security.

If there are any questions about this, please do not hesitate to contact me.

Kind regards

Belinda Labatte
Chief Development Officer, Mandalay Resources
Director, Bonito Capital Corp.

Enc.

cc.

Ian Parsons, CIRNAC
Steve Wilkinson, Blue Star Gold Corp.
Nick Dwyer, Mandalay Resources
Karyn Lewis, Mandalay Resources
Jennifer Nyland, Lawson Lundell LLP



DATE OF AMENDMENT: 24JAN2017

GUARANTEE NO: PEBHTO231527

BENEFICIARY:

HER MAJESTY, THE QUEEN IN RIGHT
OF CANADA, AS REPRESENTED BY THE
NORTHERN DEVELOPMENT, PAYABLE TO
THE RECEIVER GENERAL FOR CANADA
C/O - P.O.BOX 2200, QIMUGJUK
BUILDING, 2 ND FLOOR,
IQALUIT, NUNAVUT, X0A 0H0, CANADA

APPLICANT:

ELGIN MINING INC
200-83 YONGE STREET
TORONTO ON M5C 1S8, CANADA
CANADA

ADVISING BANK:

SEND TO THE BENEFICIARY

AMOUNT: CAD 1,685,542.00

THIS AMENDMENT (NO. 008) FORMS
AN INTEGRAL PART OF THE ABOVE
MENTIONED GUARANTEE
AND MUST BE ATTACHED
THERE TO.

DATE AND PLACE OF EXPIRY:
04JUL2018
AT OUR COUNTERS

CREDIT AVAILABLE WITH:
OURSELVES

BY: PAYMENT

AMEND APPLICANT AS FOLLOWS:

DELETE: ELGIN MINING INC

200-83 YONGE STREET
TORONTO ON M5C 1S8, CANADA

INSERT: BONITO CAPITAL CORP

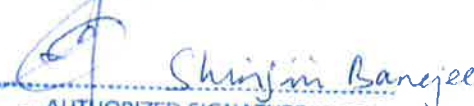
76 RICHMOND STREET EAST, SUITE 330
TORONTO, ON, M5C 1P1
CANADA

INCREASE STANDBY LETTER OF CREDIT AMOUNT BY CAD 332.00
TO A NEW AMOUNT OF CAD 1,685,542.00
CAD ONE MILLION SIX HUNDRED
EIGHTY FIVE THOUSAND FIVE HUNDRED
FORTY TWO.00 ONLY

PLEASE BE ADVISED THAT THE REFERENCE NUMBER FOR THIS INSTRUMENT
HAS BEEN CHANGED FROM GTE HTO 119128 TO PEBHTO231527. KINDLY
QUOTE THE NEW REFERENCE NUMBER FOR YOUR COMMUNICATION WITH US
GOING FORWARD.

PLEASE TREAT THIS AS AMENDMENT NO.008 UNDER THE NEW REFERENCE.
AMENDMENT NOS. 001 TO 007 ARE OUR INTERNAL AMENDMENTS.
ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED. ANY QUERIES
PLEASE CONTACT US AT 1-888-962-4722.

FOR AND ON BEHALF OF
HSBC Bank Canada


AUTHORIZED SIGNATURE

HSBC BANK CANADA

Global Trade and Receivables Finance, 250 University Avenue, 3rd Floor, Toronto, Ontario M5H 3E5
Swift: HKBCCATT

CARMEN YUEN
017413

SHINJINI BANERJEE
67727



++INFO TO BENEFICIARY++

+THE PLACE OF EXPIRY AND PRESENTATION IS AMENDED TO READ AS
HSBC BANK CANADA, GTRF STANDBY UNIT, 3RD FLOOR, 250 UNIVERSITY
AVENUE, TORONTO, ON, M5H 3E5, CANADA.

PLEASE FORWARD PRESENTATION OR REQUEST BY MAIL/REGISTERED
MAIL/COURIER AT BENEFICIARY'S EXPENSE TO THIS ADDRESS.

FOR AND ON BEHALF OF
HSBC Bank Canada

A blue ink signature of Shinjini Banerjee, written over a horizontal line. The signature is cursive and includes the name "Shinjini Banerjee".
AUTHORIZED SIGNATURE

CARMEN YUEN
017411

SHINJINI BANERJEE
67727

HSBC BANK CANADA

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