

Dave Baines  
Technical Advisor  
Nunavut Water Board  
P.O Box 119  
Gjoa Haven, NU X0B 1J0

Via Email: dave.baines@nwb-oen.ca

**Re: Request to Discharge Suitable Minewater and Portal Water to Surface Under Bonito Capital Corporation's Type 'B' Water Licence 2BM-ULU1520, ULU Gold Project\_REV2**

Bonito Capital Corporation (BCC) is pleased to submit this request to discharge suitable minewater and portal water to surface as per Part D Item 5 of Bonito Capital Corporation's Type 'B' Water Licence 2BM-ULU1520 (Licence), which is valid until May 20, 2020.

As you are aware, the Ulu Gold Project has remained in care and maintenance since 2006 and will remain in care and maintenance while BCC's parent company, Elgin Mining Inc., determines the economic feasibility and next steps for the property. In the interim, BCC has made the decision to complete certain progressive reclamation activities in the summer of 2018. The scope of these activities has been detailed in the previously submitted *Application to Amend Bonito Capital Corporation's Type 'B' Water Licence 2BM-ULU1520, ULU Gold Project* and the March 2018 Ulu Project *Progressive Reclamation Workplan*.

**Water License 2BM-ULU1520**

The current license states the following under PART D: CONDITIONS APPLYING TO WASTE DISPOSAL (bold is BCC).:

5. All Minewater and Water from the portal entrance, should it be encountered, shall be directed to the Retention Pond **or as otherwise approved by the Board in writing.**
6. All Effluent discharged from the Retention Pond and Settling/Neutralization Ponds and runoff from the Waste Rock storage areas and ore storage area at Monitoring Stations ULU-5, ULU-6, ULU-7 and ULU-8 shall not exceed the following **Effluent quality limits:**

Parameter	Maximum Average Concentration	Maximum Concentration of any Grab Sample
Total Arsenic (mg/L)	0.5	1.0
Total Copper (mg/L)	0.3	0.6
Total Lead (mg/L)	0.2	0.4
Total Nickel (mg/L)	0.5	1.0
Total Zinc (mg/L)	0.5	1.0
TSS (mg/L)	25.0	50.0
pH	6.0 to 9.5	
Oil and Grease	No Visible Sheen	

The purpose of this letter is to request the Board in writing, as per condition 5 above, to discharge mine dewatering water that meets current License Effluent quality limits to a suitable location at surface.

### **Mine Workings Dewatering**

As part of the *Progressive Reclamation Workplan* scope, water will need to be removed from the mine workings prior to placement of material underground. Water will be removed through the vent raise and from the mine portal depression. Conservatively assuming that the underground workings are completely full of water and that they will be dewatered to the 95 Level to facilitate waste placement; approximately 28,000 m3 of minewater will be produced.

As the mine sump's capacity will be exceeded and its outfall to East Lake will be decommissioned, the plan is to discharge minewater that meets License effluent quality limits north of the project site to a suitable overland location, as shown in the attached Figure 1. The water will be pumped from the vent raise using a trash pump and the portal using a submersible pump and be directed through 2" piping and lay flat hose for discharge on sheets of plywood to prevent erosion. The discharge water chemistry, rate and discharge location will be monitored and reported as described further in this letter.

Estimated rates are as follows:

<b>Location</b>	<b>Estimated Volume (m3)</b>	<b>Pump Capacity</b>	<b>Unit</b>	<b>Days to Pump</b>
Vent Raise	26000	200	gpm	
		45.4	m3/hr	
		544.8	m3/day (12hr days)	48
		1089.6	m3/day (24hr days)	24
Portal Depression	2000	75	gpm	
		17.0	m3/hr	
		204.36	m3/day (12hr days)	10
		408.72	m3/day (24hr days)	5

### **Mine Water Chemistry**

The chemical characteristics of the minewater in the vent raise and the portal depression were sampled on June 19, 2018 to ensure that minewater meets the effluent discharge quality limits outlined in License Part D, Item 6. Table 1 below presents the result of this analysis, whereas vent raise water was agitated then allowed to stabilize and sampled at two depths to obtain representative samples. The portal water was sampled from free water that had melted and accumulated at a depth of approximately 3 m up against the exposed portal bulkhead.

**Table 1 – Portal Poned Water Chemistry (June 19, 2018)**

Parameter	ALS Lab # L-2115274-1 (Vent Raise 25m)	ALS Lab # L-2115274-2 (Vent Raise 12m)	ALS Lab # L-2115274-3 (Mine Portal 2m)	Max. Average Concentration *	Max. Concentration of any Grab Sample*
Total Arsenic (mg/L)	0.00624	0.00469	0.00167	0.5	1
Total Copper (mg/L)	0.0106	0.0104	0.00445	0.3	0.6
Total Lead (mg/L)	0.00204	0.00167	0.000307	0.2	0.4
Total Nickel (mg/L)	0.00486	0.00432	0.00615	0.5	1
Total Zinc (mg/L)	0.0810	0.140	0.0836	0.5	1
TSS (mg/L)	15.1	14.7	3.7	25	50
pH	7.73	7.75	7.54	6.0 to 9.5	
Oil and Grease	<5.0 (no sheen)	<5.0 (no sheen)	<5.0 (no sheen)	No Visible Sheen	NA

\* as stipulated by Ulu Water License No. 2BM-ULU1520

Laboratory samples were sent to ALS in Yellowknife, which is an accredited laboratory under the Canadian Association for Laboratory Accreditation Inc. (CALA) to be analyzed for compliance with the above noted effluent quality limits. As the result above indicate, BCC is please to outline that all of the samples were well below effluent limits for all metals, below the Total Suspended Solids (TSS) limits and within the desired pH range.

### **Monitoring**

BCC is planning to undertake the minewater and portal water dewatering efforts as soon as permission from the Board is received following review of, or any discussions resulting from, this letter. To confirm that the chemical characteristics of the minewater remain below License effluent quality limits as dewatering progresses, the discharged water will be sampled weekly and sent to the ALS Laboratory for confirmatory analysis. In addition to this, a site relationship will be determined between turbidity and total suspended solids (TSS) to allow for a field level indication/flag of water characteristic changes.

The minewater dewatering discharge locations (Figure 1) will be monitored daily for erosion and water samples will be collected for daily field analyses of effluent discharge pH, electrical conductivity and turbidity. If field-measured parameters change significantly between daily readings, an extra suite of laboratory samples will be collected immediately and submitted to the ALS Laboratory for analysis. If field or laboratory results indicate exceedance(s) of effluent quality limit(s), discharge will be halted, and minewater will be directed to a temporary storage area that will be used for treatment until the water can be released. Although not anticipated based current chemistry results, the exact minewater treatment will depend on the nature of the exceedance.

### **Reporting**

As per item 10 in PART J: CONDITIONS APPLYING TO THE MONITORING PROGRAM, A Monthly Monitoring Program Summary Report shall be submitted to the Nunavut Water Board for review within thirty (30) days following the month being reported. The summary report will include the minewater and portal

water pre-discharge and discharge effluent water quality daily field parameter and weekly analyses results, in addition to pumping rates and discharge pipe erosion monitoring notes.

### **Closure**

Provided that current samples indicate that mine water effluent water quality is well below the License effluent quality limits, BCC is requesting to proceed with discharge to surface followed by daily field screening and weekly laboratory effluent quality confirmation sampling, as described in this letter, and as per the conditions in the current Licence. The included laboratory results were obtained today, and our current schedule indicates that we would like to commence discharge, if possible, during the week of July 02, 2018.

BCC looks forward to proceeding with Ulu Project progressive reclamation activities under their Type B water licence and participating fully in the NWB process. Bonito Capital Corporation would like to thank you for your continued cooperation and support on this progressive reclamation project.

Thank you,

Karyn Lewis  
General Administration  
Elgin Mining Inc., Bonito Capital Corp.  
Suite 330, 76 Richmond Street East, Toronto, ON, M5C 1P1  
Tel: 778-386-7340  
Email: [klewis@elginmining.com](mailto:klewis@elginmining.com)