

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

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Nov 19 2012

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

Dear Ms. Beaulieu

**RE: 2012 Annual Geotechnical Inspection of Selected Structures-Ulu Gold Project, Nunavut.  
Water License 2BM-ULU0914**

We are submitting our "2012 Annual Geotechnical Inspection of Selected Structures-Ulu Gold Project, Nunavut", to fulfil Part D Item 10 of our Water Licence 2BM-ULU0914.

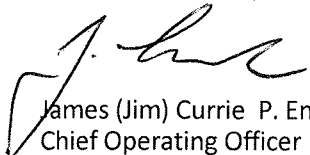
The recommendations in this report are as follows:

1. To repair the damaged containment liners and to conduct some maintenance on them.
2. To address the fuel tank that is leaning in Ulu Camp 3 containment.
3. To repair and maintain the Mine Sump prior to any future use.
4. To review our monitoring schedule of the geotechnical structures at Ulu.

We are preparing a "2013 Ulu Compliance Plan" to address these recommendations for implementation during the 2013 frost-free season. Said plan will be discussed with and submitted to the AANDC Inspector.

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

Sincerely,  
**Bonito Capital Corp.**

  
James (Jim) Currie P. Eng.  
Chief Operating Officer