

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

1 May 2012

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

Dear Ms. Beaulieu

RE: Mar 23, 2012 Technical Review Memorandum from Aboriginal Affairs and Northern Development Canada (AANDC) to Nunavut Water Board (NWB), Monthly Reports 2011 (November – December), Ulu Gold Project, Nunavut, License Number 2BM-ULU0914

The purpose of this letter is to provide you with a timely response to AANDC's technical memorandum received by Bonito Capital Corporation (BCC) on April 26, 2012.

Monthly Monitoring Reports-May- October, 2011

Through a series of transactions, Elgin Mining Inc. (Elgin) acquired BCC on July 8, 2011. Monthly monitoring reports for July – October 2011 are attached.

Notification of Exceedance

BCC will notify the inspector of exceedances of licence parameters.

Sampling Results

As reported in the November *Monthly Monitoring Report*, water samples were collected from seeps and were not associated with a discharge from a site facility. As stated in the cover letter accompanying the *Annual Geotechnical Inspection Report* for 2011, recommendations, including measures to address seepage, were accepted and a commitment was made to address the recommendations in 2012.

Notification of Discharge

BCC will notify the inspector of discharges in accordance with its licence.

Sampling Prior to Discharge

BCC will sample prior to planned discharges from site facilities.

Should you have further questions regarding activities occurring under this water licence, don't hesitate to contact the undersigned.

Sincerely,
Bonito Capital Corp.



Sharleen Hamm
Manager, Environmental and Community Affairs

Encl.

CC. I. Parsons, AANDC
E. Paul, AANDC
M. Ball, AANDC

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Ms. Phyllis Beaulieu
Manager of Licensing
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P.O. Box 119
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Dear Ms. Beaulieu

**RE: Monthly Monitoring Program Summary Report for July 2011
Ulu Gold Project, Nunavut, Licence Number 2BM-ULU0914**

Through a series of transactions, Elgin Mining Inc. (Elgin) acquired Bonito Capital Corporation (BCC) and the Ulu Gold Project on July 8, 2011. The Ulu site is in care and maintenance and was not accessed by BCC personnel in July. There are no activities to report for the month of July 2011, under Part J Sec. 10 of Licence Number 2BM-ULU0914.

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

Sincerely,
Bonito Capital Corp.



Sharleen Hamm
Manager, Environment and Community Affairs

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Manager of Licensing
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Dear Ms. Beaulieu

**RE: Monthly Monitoring Program Summary Report for August 2011
Ulu Gold Project, Nunavut, Licence Number 2BM-ULU0914**

The Ulu Gold Project remains inactive; therefore there are no new activities to report for the month of August 2011, under Part J Sec. 10 of Licence Number 2BM-ULU0914.

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

Sincerely,
Bonito Capital Corp.



Sharleen Hamm
Manager, Environment and Community Affairs

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Dear Ms. Beaulieu

**RE: Monthly Monitoring Program Summary Report for September 2011
Ulu Gold Project, Nunavut, Licence Number 2BM-ULU0914**

Bonito Capital Corporation personnel accessed the site along with a third party consultant, on September 22 to conduct the annual geotechnical assessment. In addition to conducting the assessment, grab samples were collected from seeps at ULU-7 (runoff from the waste rock storage area) and ULU-8 (runoff from the ore storage area) for monitoring purposes only; sampling was not associated with any discharge. An estimated 1 L/min seepage flow was observed at one location at the toe of the waste rock storage pad. Approximately 15 m from the toe of the ore pad, an area of seepage was observed, with flow estimated to be 1 L/min.

Otherwise, the Ulu Gold Project remains inactive; therefore there are no other activities to report for the month of August 2011, under Part J Sec. 10 of Licence Number 2BM-ULU0914.

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

Sincerely,
Bonito Capital Corp.



Sharleen Hamm
Manager, Environment and Community Affairs

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Dear Ms. Beaulieu

**RE: Monthly Monitoring Program Summary Report for October 2011
Ulu Gold Project, Nunavut, Licence Number 2BM-ULU0914**

The Ulu Gold Project remains inactive; therefore there are no new activities to report for the month of October 2011, under Part J Sec. 10 of Licence Number 2BM-ULU0914.

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

Sincerely,
Bonito Capital Corp.



Sharleen Hamm
Manager, Environment and Community Affairs