

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

09 August 2012

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

Dear Ms. Beaulieu

RE: Monthly Report for July 2012
Ulu Gold Project, Nunavut, License Number 2BM-ULU0914

During July, there were a site services crew, along with an exploration crew at the Ulu site. In total, there were approximately 548 person days of activity..

There was approximately 150 m³ of water withdrawn from West Lake, and 73 m³ of sewage generated.

Water quality monitoring was undertaken at sampling station Ulu-1 on July 24, 2012. The results are shown in Table 1.

Table 1: Sampling Station Ulu-1 water sampling results – July 24, 2012

		2BM-ULU0914
Sample Location	ULU—1	Maximum Concentration of Any Grab Sample (mg/L)
Date and Time	July 24, 2012 @ 0700 hrs	
ALS Lab #	L1183479-1	
Total Arsenic	0.00011	-
Total Copper	0.00296	-
Total Lead	0.000279	-
Total Zinc	0.0087	-
Total Nickel	0.00164	-
Total Mercury	n/a	-
Total Cadmium	0.000018	-
TSS	<3.0	-
pH	7.44	-

Water quality monitoring was undertaken at sampling station Ulu-2 on July 24, 2012. The results are shown in Table 2.

Table 2: Sampling Station Ulu-2 water sampling results – July 24, 2012

		2BM-ULU0914
Sample Location	ULU—2	Maximum Concentration of Any Grab Sample (mg/L)
Date and Time	July 24, 2012 @ 0700 hrs	
ALS Lab #	L1183479-2	
TSS	25.0	35.0
BOD ₅	17.9	30.0
pH	8.14	6.0 - 9.5
Oil & Grease	n/a	Visible sheen

Domestic waste generated during the month of July was burned in the on-site incinerator. Plastics, and other waste streams were separated and backhauled to an approved waste handling facility in Yellowknife (City of Yellowknife, KBL Environmental) for off-site disposal.

An inspection of the site was conducted by AANDC on July 17, 2012. During this inspection, AANDC collected water samples at various locations. Concern was expressed that the sewage treatment plant (STP) may not meet discharge criteria, and until it could be confirmed as meeting this, the final effluent should be diverted from the receiving environment. The crew at Ulu took this advice and routed the effluent piping to the former mine water containment pond as a means of containing it until laboratory results were received. Additionally; concern was expressed for the location of the diesel water pump used for the drill program, and its proximity to a water body. The crew took this advice and removed the pump and replaced it with an electric submersible type. Other concerns expressed by AANDC were taken under advisement and plans to address these will be developed.

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

Sincerely,
Bonito Capital Corp.



James A. (Jim) Currie
Chief Operating Officer

c.c. David Vokey, Health, Safety and Environment Coordinator
Vivian Park, Manager, Exploration