April 20, 2011

The Shareholders of Bonito Capital Corp.
c/o Quest Capital Management Corp.
550 Burrard St., Suite 1028.
Vancouver, British Columbia V6C 2B5

Attention: Michael Atkinson and Brian E. Bayley

Dear Sirs:

Re: Bonito Capital Corp. ("Bonito")

This letter (the "**Letter Agreement**") sets forth the binding agreement of the parties with respect to a transaction (the "**Transaction**") more particularly described herein which comprises a share purchase by Elgin Mining Inc. ("**Elgin**" or the "**Buyer**") from Michael Atkinson and Brian Bayley (the "**Bonito Shareholders"**) of 100% of the issued and outstanding shares (the "**Shares**") of Bonito, a private company incorporated pursuant to the laws of Alberta, free and clear of any and all liens, encumbrances, charges, security interests and rights of others (the "**Encumbrances**"). Bonito and MMG Resources Inc. ("**MMG**") are parties to a binding exclusivity agreement and term sheet (together, the "**Exclusivity Agreement**") dated March 10, 2011, and extended to May 6, 2011, pursuant to which Bonito has the exclusive right to negotiate a definitive acquisition agreement (the "**Acquisition Agreement**") to acquire all of MMG's 100% interest in the Lupin and Ulu gold mines (the "**Assets**"), each located in Nunavut, Canada.

1. **Purchase Consideration**. On Closing (as hereinafter defined); (i) Elgin shall purchase the Shares in consideration for (a) the issuance from treasury of an aggregate of 2,000,000 common shares ("**Consideration Shares**") in Elgin's share capital, free and clear of any and all Encumbrances, save and except for statutory hold periods prescribed by requisite securities laws and the rules of the TSX Venture Exchange (the "**TSXV**"), including without limitation, any escrow requirements which may be imposed by the TSXV, and (b) the payment by Elgin to the Bonito Shareholders of $100.00; and (ii) the Buyer shall deliver certificates representing the Consideration Shares to the Bonito Shareholders as directed in writing by the Bonito Shareholders

2. **Closing**. Subject to the terms and conditions herein contained, completion of the Transaction (the "**Closing**") shall occur contemporaneous with the completion of the acquisition of the Assets by Bonito from MMG. The parties agree that the Closing Date (as defined below) shall occur on or before June 30, 2011 at a time (the "**Time of Closing**") as may be mutually agreed upon by the parties at the offices of Borden

Ladner Gervais LLP or at such other place or other time and date as the parties may agree, but in any event no later than July 30, 2011 (the "**Closing Date**").

3. **Documents of Conveyance Provisions**. The Bonito Shareholders shall deliver to the Buyer at Closing all documents as may be required to convey to the Buyer a 100% undivided interest in the Shares, free and clear of any and all Encumbrances. Any tender of documents or money hereunder may be made upon the Parties or upon their respective attorneys as set forth herein.

4. **Due Diligence Investigations.** In order for the Transaction to proceed, the Buyer must be satisfied, in its sole and unfettered discretion, up to and including the time of execution of the Acquisition Agreement (the "**Due Diligence End Date**"), with the results of its due diligence investigations as against Bonito, the Assets, the Exclusivity Agreement and the Acquisition Agreement (as hereinafter defined). In this regard the Buyer and its authorized representatives and agents (collectively, the "**Representatives**") will require full opportunity to exercise all due diligence investigations, including without limitation, as to all legal, financial, accounting, real property and title matters and other matters with respect to Bonito and the Assets, the Exclusivity Agreement and the Acquisition Agreement and its Representatives will need to examine all of the books and records of Bonito and with respect to the Assets, the Exclusivity Agreement and the Acquisition Agreement. If the Buyer is not satisfied with the results of its due diligence investigations prior to the Due Diligence End Date, on notice to such effect from the Buyer to the Bonito Shareholders, this Letter Agreement shall be null and void and of no further force and effect and Elgin and the Bonito Shareholders shall be released from all obligations hereunder.

5. **Representations and Warranties of the Bonito Shareholders**. The Bonito Shareholders hereby make on a joint and several basis those representations and warranties set forth on Schedule "B" attached hereto and forming a part hereof. These representations and warranties shall survive Closing on the Closing Date for a period of two years. If a claim for a breach of any such representation or warranty is brought prior to the expiration of the survival period such representation or warranty shall, for the purposes of such claim, survive the survival period until such claim is finally resolved and all obligations with respect thereto have been fully satisfied.

6. **Representations and Warranties of Elgin**. Elgin hereby makes those representations and warranties set forth on Schedule "C" attached hereto and forming a part hereof. These representations and warranties shall survive Closing on the Closing Date for a period of two years. If a claim for a breach of any such representation or warranty is brought prior to the expiration of the survival period such representation or warranty shall, for the purposes of such claim, survive the survival period until such claim is finally resolved and all obligations with respect thereto have been fully satisfied.

7. **Indemnity**

(a) The Buyer agrees to indemnify and save harmless the Bonito Shareholders of and from all claims, demands, debts, suits, actions, obligations, proceedings, losses (other than lost profits), damages, liabilities, deficiencies, costs and expenses (including, without limitation, all reasonable legal and other professional fees and disbursements, interest, penalties and amounts paid in settlement).(the "**Losses**") actually incurred by the Bonito Shareholders as a result of any breach by the Buyer or any inaccuracy of any representation or warranty of the Buyer contained in this Agreement.

(b) The Bonito Shareholders jointly and severally agree to indemnify and save harmless the Buyer of and from all Losses actually incurred by the Seller as a result of any breach by the Bonito Shareholders or any inaccuracy of any representation or warranty of the Bonito Shareholders contained in this Agreement.

(c) In the event that a party (the "**Indemnified Party**") shall become aware of any Loss in respect of the other party (the "**Indemnifying Party**") agreed to indemnify the Indemnified Party pursuant to this Letter Agreement (the "**Indemnification Claim**"), the Indemnified Party shall promptly give written notice thereof to the Indemnifying Party.

Such notice shall specify whether the Indemnification Claim arises as a result of a claim by a Person against the Indemnified Party (a "**Third Party Claim**") or whether the Loss does not so arise (a "**Direct Claim**") and shall also specify with reasonable particularity (to the extent that the information is available) the factual basis for the Indemnification Claim and the amount of the Loss if known. If through the fault of the Indemnified Party the Indemnifying Party does not receive notice of any Indemnification Claim in time to contest effectively the determination of any liability susceptible of being contested, the Indemnifying Party shall be entitled to set off against the amount claimed by the Indemnified Party the amount of any Losses incurred by the Indemnifying Party resulting from the Indemnified Party's failure to give such notice on a timely basis.

With respect to any Direct Claim, following receipt of notice from the Indemnified Party of the Indemnification Claim, the Indemnifying Party shall have 60 days to make such investigation of the Indemnification Claim as is considered necessary or desirable. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Indemnification Claim, together with all such other information as the Indemnifying Party may reasonably request. If both Parties agree at or prior to the expiration of such 60 day period (or any mutually agreed upon extension thereof) to the validity and amount of such Indemnification Claim, the Indemnifying Party shall immediately pay to the Indemnified Party the full agreed upon amount of the Indemnification Claim, failing which the matter shall be determined by a court of competent jurisdiction.

The rights and benefits provided in this Article are supplemental to and are without prejudice to any other rights, actions or causes of action which may arise pursuant to any other section of this Agreement or pursuant to applicable Law.

8. **Conditions Precedent to Bonito Shareholders' Obligations at Closing.**

All obligations of the Bonito Shareholders to close the Transaction are subject to the fulfilment (or waiver in writing by the Bonito Shareholders) prior to or at the Closing of each of the following conditions:

(a) The representations and warranties made by the Buyer in or under this Agreement shall be true in all material respects on and as of the Closing Date and the Bonito Shareholders shall have received from Buyer a certificate signed as of the Closing Date to such effect.

(b) The Acquisition Agreement, on terms and conditions acceptable to the Bonito Shareholders, acting reasonably, shall have been executed and the Acquisition shall be ready to close concurrently with the Transaction.

(c) All actions, proceedings, instruments and documents required to carry out the Transaction and all other related legal matters shall have been approved by the Bonito Shareholders and the Bonito Shareholders shall have been furnished with such certified copies of actions and proceedings and other such instruments and documents as the Bonito Shareholders shall have reasonably requested.

(d) The Buyer shall have delivered to the Bonito Shareholders an opinion from a reputable Canadian law firm acceptable to the Bonito Shareholders, acting reasonably, subject to reasonable qualifications, in respect of the due issuance of the Consideration Shares, the Consideration Shares forming part of a class of shares that is listed and posted for trading on the TSXV and the Consideration Shares being free from applicable prospectus and registration requirements and as to the first trade in the Consideration Shares.

(e) The Buyer shall have complied in all material respects with all covenants and agreements herein agreed to be performed or caused to be performed by the Buyer.

(f) No order of any court or administrative agency shall be in effect which restrains or prohibits the Transaction and no suit, action, inquiry, investigation or proceeding in which it will be or it is sought to restrain, prohibit or change the terms of or obtain damages or other relief in connection with the Transaction and which in the judgment of the Seller makes it inadvisable to proceed with the consummation of the Transaction shall have been made, instituted or threatened in writing by any Person.

In case any of the foregoing conditions cannot be fulfilled at or before the Time of Closing to the satisfaction of the Bonito Shareholders, the Bonito Shareholders may rescind this Letter Agreement by notice to the Buyer and in such event the parties shall be released from all obligations hereunder. Provided however that any such conditions may be waived in whole or in part by the Bonito Shareholders without prejudice to the Bonito Shareholders' rights of rescission in the event of the non-fulfilment of any other condition or conditions, any such waiver to be binding on the Bonito Shareholders only if the same is in writing.

9. **Conditions Precedent to Buyer's Obligations at Closing**

All obligations of the Buyer to complete the Transaction are subject to the fulfillment (or waiver in writing by the Buyer) prior to or at the Closing of each of the following conditions:

(a) Elgin shall have received requisite regulatory approval with respect to the completion of the Transaction including without limitation, the final acceptance of the TSXV (who shall also approve the issuance of the Consideration Shares, the convertible debentures to be issued pursuant to the Acquisition Agreement and the assumption of the obligations of Bonito under the Acquisition Agreement in the Buyer's capacity as the sole shareholder of Bonito).

(b) The Acquisition Agreement, on terms and conditions acceptable to the Buyer, acting reasonably, shall have been executed and the Acquisition shall be ready to close concurrently with the Transaction.

(c) Other than such changes that are contemplated in this Agreement and the Acquisition Agreement, the representations and warranties made by the Bonito Shareholders in or under this Agreement shall be true in all material respects on and as of the Closing Date and the Buyer shall have received from the Bonito Shareholders a certificate signed as of the Closing Date to such effect.

(d) All actions, proceedings, instruments and documents required to carry out the Transaction and all other related legal matters shall have been approved by the Buyer and the Buyer shall have been furnished with such certified copies of actions and proceedings and other such instruments and documents as the Buyer shall have reasonably requested, including without limitation, resignations and releases from all directors and officers of Bonito.

(e) The Bonito Shareholders shall have complied in all material respects with all covenants and agreements herein agreed to be performed or caused to be performed by the Seller.

(f) At or before Closing there shall have been obtained from all appropriate federal, state, provincial, municipal, local or other governmental or administrative bodies all such approvals and consents, if any, as may be required in order to transfer the Shares at Closing as herein provided.

(g) No injunction or restraining order or other decision, ruling or order of any federal, provincial, state, municipal, county or regional government or governmental or regulatory authority, domestic or foreign, including any political subdivision of any of the foregoing, any agency, department, commission, board, bureau, court, tribunal or other authority thereof, and including, without limitation, any stock exchange on which the securities of MMG, Bonito or the Buyer may be listed or traded (each a

“**Governmental Authority**”) shall be in effect which prohibits, restrains, materially limits or imposes material adverse conditions on, the transactions contemplated by this Agreement and no action, claim, demand, lawsuit, assessment, hearing, arbitration, judgment, award, decree, order, injunction, prosecution and investigation, or other similar proceeding shall have been instituted or remain pending or have been threatened and not resolved before any such Governmental Authority to restrain, prohibit, materially limit or impose material adverse conditions on such contemplated transactions.

(h) No new law, statute, by-law, regulation, order, decree or other action shall have been enacted or introduced whether federal, provincial, municipal, local or otherwise, which in the reasonable opinion of the Buyer materially impairs or may materially impair the ownership or operation of the Assets.

In case any of the foregoing conditions cannot be fulfilled at or before the Time of Closing to the satisfaction of the Buyer, the Buyer may rescind this Agreement by notice to the Bonito Shareholders and in such event each of the parties shall be released from all obligations hereunder; provided however that any such conditions may be waived in whole or in part by the Buyer without prejudice to the Buyer’s rights of rescission in the event of the non-fulfillment of any other condition or conditions, any such waiver to be binding on the Buyer only if the same is in writing.

10. **Confidentiality.** The Buyer shall keep confidential all information (the “**Confidential Information**”) received from the Bonito Shareholders and Bonito in connection with the Transaction. The Buyer agrees that all Confidential Information shall be used solely for the purpose of evaluating the Transaction and for no other purpose. The term “**Confidential Information**” shall not include any information which (a) is or becomes generally available to the public other than as a result of a disclosure by the receiving party or such party's representatives or agents; (b) becomes known to the receiving party or such party's representatives or agents on a non-confidential basis from a source (other than the disclosing party) which is not known to the receiving party to be bound to the disclosing party by a legal, contractual or fiduciary obligation; or (c) was known to the receiving party or such party's representatives or agents on or prior to the date hereof. To the extent required by applicable law, the parties agree that this agreement may be publicly filed by Elgin on its SEDAR profile at www.sedar.com.

11. **Brokerage Fees.** The Bonito Shareholders shall jointly and severally indemnify and save the Buyer harmless from any claim whatsoever for any brokerage, commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or who has acted for the Bonito Shareholders or Bonito in connection with the Transaction. The Buyer shall indemnify and save the Bonito Shareholders harmless from any claim whatsoever for any brokerage, commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or who has acted for the Buyer in connection with the Transaction.

12. **Public Announcement**. The parties shall consult with each other before issuing any press release or public statements with respect to the Transaction. The Bonito Shareholders acknowledge that on the execution and delivery of this Letter Agreement, the Buyer shall be obliged to issue a press release in the form attached hereto as Schedule "A" in accordance with requisite securities laws. To the extent that MMG is identified by name, the issuance of such press release shall have been consented to by MMG prior to the issuance thereof.

13. **Covenants.** Each of the parties hereto covenants and agrees with the other parties to use all reasonable efforts until Closing to take or refrain from taking all actions with the intent that the closing conditions set forth herein shall be satisfied.

14. **Remedies.** If a party improperly fails to perform any of its obligations hereunder the other party shall be entitled to all remedies available to it under this Letter Agreement, at law in equity or otherwise, expressly including without limitation, specific performance. The exercise by a party of any particular remedies shall not preclude the party from seeking, exercising or invoking any other remedy available to it. The aforementioned remedies are cumulative and not mutually exclusive or dependent upon each other.

15. **Termination of this Letter Agreement**. This Letter Agreement may be abandoned and terminated: (i) by the mutual consent of the parties; and/or (ii) by either party if Closing has not taken place on or before the Closing Date.

16. **Costs and Expenses.** Each party hereto shall pay its own costs and expenses incurred in connection with this Letter Agreement, the Transaction and the Transactions contemplated by the Acquisition Agreement, however such costs and expenses of the Bonito Shareholders made on behalf of Bonito by way of shareholder loans shall be reimbursed by the Buyer upon completion of the Transaction.

17. **Notice**. Any notice, direction or other communication (a "**Communication**") given hereunder, irrespective of whether such Communication was required, permitted or otherwise provided pursuant to or in respect of this Letter Agreement, shall be in writing and, if delivered or mailed, shall be deemed to have been given and received on the day it is actually received, and, if sent by fax, pdf or other similar form of electronic communication, shall be deemed to have been given and received on the day it was so sent if sent during normal business hours (9:00 a.m. to 5:00 p.m. local time at the place of receipt) or on the next following business day if sent outside of normal business hours. Notices in each case shall be addressed as follows:

If to the Bonito Shareholders at:

c/o Quest Capital Management Corp.
550 Burrard St.
Suite 1028
Vancouver, British Columbia V6C 2B5

Fax: 604 681-4692
Attention: Michael Atkinson

if to the Buyer:

83 Yonge St.
Suite 200
Toronto, Ontario M5C 1S8

Fax: 416 640-1928
Attention: Brian Morales, Chief Financial Officer

Either party may give, at any time, notice in writing to the other party of any change of address of the party giving such notice and, from and after the giving of such notice, the address or addresses therein specified shall be deemed to be the address of such party for purposes of giving notice hereunder.

18. **Further Assurances**. The parties shall execute such documents and do such other things as may be necessary or advisable to give effect to the intent of the parties under this Letter Agreement.

19. **Amendment**. This Letter Agreement may not be amended except by written agreement executed by the parties .

20. **Enurement.** This Letter Agreement shall be binding upon and shall enure to the benefit of the parties and their respective heirs, executors, administrators, legal representatives, successors and permitted assigns.

21. **Time of the Essence.** Time shall be of the essence of this Letter Agreement.

22. **Governing Laws.** This Letter Agreement and the rights and obligations of the parties shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

23. **Entire Agreement.** This Letter Agreement sets out the entire agreement of the parties in respect of the Transaction. There are no warranties, representations, terms, conditions or collateral agreements, expressed, implied or statutory, among the parties other than as expressly set forth in this Letter Agreement.

24. **Gender and Plural.** In this Letter Agreement, all references to the masculine gender include the feminine and neuter genders and vice versa and all references to the singular include the plural and vice-versa. The word “**shall**” has the same meaning in this Letter Agreement as the word “**will**”.

25. **Section Headings**. The section and other headings contained in this Letter Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Letter Agreement.

26. **Counterpart.** This Letter Agreement may be executed in two or more counterparts, by original or telefacsimile or pdf signature and each such counterpart when taken together shall constitute one and the same letter.

27. **TSXV Approval**. This Letter Agreement shall at all times be subject to receipt of the approval of the TSXV, which approval the Buyer shall use its best efforts to obtain and after the execution and delivery of this Letter Agreement by the parties.

If you agree in principle to the terms of this Letter Agreement kindly sign two copies of this Letter Agreement and return one fully executed copy to the undersigned as soon as possible.

Yours very truly,

ELGIN MINING INC.

Per: *"Brian Morales"*

AGREED TO and accepted April 21, 2011.

"Winnie Chu"	*"Michael Atkinson"*
Witness	Michael Atkinson
"Jo-Ann Bayley"	*"Brian Bayley"*
Witness	Brian E. Bayley

Schedule "A"

(see attached)

FOR IMMEDIATE RELEASE

ELGIN MINING TO APPOINT NEW PRESIDENT & CEO UPON SUCCESSFUL ACQUISITION OF THE LUPIN GOLD MINE AND ULU GOLD DEPOSIT

TORONTO, ON, APRIL 25, 2011 – Elgin Mining Inc. (TSX-V: ELG) ("Elgin" or the "Company") is pleased to announce that it has entered into an agreement to acquire Bonito Capital Corp. ("Bonito"), a private company. Bonito has entered into an exclusivity agreement with MMG Resources Inc. ("MMG") of Australia pursuant to which it has agreed, subject to satisfactory due diligence, to negotiate an agreement (the "Acquisition Agreement") to acquire the Lupin Gold mine and the Ulu deposit (the "Acquisition"), located in Nunavut Territory, Canada.

Elgin is also pleased to announce that effective immediately Patrick Downey has agreed to join the Company as a consultant. Upon closing of the Acquisition and discharging any continuing responsibilities with respect to his former employment (see below), Mr. Downey will assume the role as Elgin's President and Chief Executive Officer and as a director of the Company. Completion of the Acquisition is subject to, among other things, the entering into of the Acquisition Agreement and the receipt of regulatory approvals including the approval of the TSX Venture Exchange.

Robert M. Buchan, Chairman and CEO of Elgin stated: "I am thrilled to both welcome Patrick Downey to Elgin and to announce that advanced negotiations to acquire the Lupin Gold Mine and the Ulu deposit are underway. The Lupin Gold Mine was closed by Kinross Gold Corporation in January 2005 at which time the price of gold averaged approximately US$425 per ounce. The opportunity for Elgin is to examine the property in light of the new economics that currently prevail; to review its resource; to explore, develop and expand this resource and indeed, to examine the possibilities of placing the mine back into production at some point in the next several years. The addition of Patrick Downey as Elgin's President & CEO strengthens the Company immeasurably and I am confident that the team that he will assemble in the coming months will, under his leadership, advance these projects at a rapid pace."

About Lupin

Summary

- ***Past producer from 1982 – 2005***
- ***Production: 3.37 million oz.***
- ***Average grade: 0.259 oz./ton***
- ***Property: 6,758 hectares***
- ***Infrastructure: 2,300 tpd plant***

The Property

The Lupin Gold Mine is located in Nunavut, approximately 400 kilometres north of Yellowknife on the western side of Contwoyto Lake. The property is approximately 12 kilometres long by 7 kilometres wide and consists of five contiguous mineral leases covering 6,757.84 hectares. The mine was owned and operated by Kinross which elected to cease production in January 2005 due to the prevailing low gold prices.

Geology

The deposit is hosted within an M-folded banded iron formation occurring within turbiditic sediments of the Archean-aged Contwoyto Formation. The Lupin banded iron formation is overlain by phyllite and underlain by a sequence of greywacke and quartzite rock types. The mineralized zones are generally less than five meters in width, and less than 300 meters long, but have a plunge length in excess of 1,500 meters. The gold zones tend to strike N to NW, dip steeply and plunge steeply to the north. These zones remain open.

Mine Development

Based on the press release of Wolfden Resources Inc. dated September 22, 2006, between 1982 and 2005, the Lupin Gold Mine produced more than 3.37 million ounces of gold at an average grade of 0.259 oz./ton gold.

Mining was conducted from four primary zones known as the West, Central, East and McPherson zones. Some limited production also came from the West Zone South of Shaft zone.

Infrastructure

Surface infrastructure at the mine site consists of office/mill buildings, a power plant plus tailings/waste storage facilities as well as fuel storage with an estimated 4 million litres of fuel currently on site. A residential complex provides accommodation for approximately 450 people. Satellite based telecommunications are used extensively.

The 2,300 ton per day processing plant is currently on care and maintenance. An associated 440 hectare tailings disposal facility exists on site and would be adequate for the needs of a restarted Lupin plant for the foreseeable future.

The property is accessible by fixed wing and rotary aircraft from Yellowknife. A 1,950 meter long gravel airstrip suitable for Boeing 737 and Hercules size aircraft is located on the property. Similarly, a facility to handle float-equipped aircraft is located on the shore of Contwoyto Lake. During winter an ice road has been constructed from Yellowknife to Lupin (531 km) and points further north, which generally operates between February and April allowing for the delivery of bulk items, such as food, fuels, cement, reagents, explosives and building materials.

About Ulu

Summary

- ***Resource: Indicated Mineral resources of 720,000 tonnes grading 11.7 grams per tonne and Inferred Mineral resources of 410,000 tonnes grading 10.73 grams per tonne, in each case with a cut-off of 5.0 Au g/t***
- ***Property: 947 hectares, located 155 km. north of Lupin***

The Property

The Ulu deposit is located approximately 155 kilometers north of the Lupin Gold Mine. The property consists of a renewable 21 year mineral lease with an area of 947 hectares and measures 3.2 kilometers by 3.2 kilometers.

Geology

The Ulu deposit property is situated in the southern part of the High Lake Greenstone Belt in the Archean Slave Structural Province. The property is underlain by a repetitive sequence of mafic volcanic rocks and greywacke/argillite sedimentary rocks intruded by a large gabbro sill, and folded into northwest-trending anticlines and synclines with shallow northwest-trending plunges.

The Ulu deposit is an example of a “sulphide enrichment” gold deposit characterized by a dominance of sulphide minerals over quartz veins, and localized in shear zones adjacent to rheologically differing mafic and sedimentary rocks. The deposit is located on the western flank of a regional anticline within a shear/alteration zone; the zone strikes to the northwest and dips steeply to the southwest. Dimensions are approximately 500m long, from 1.5-18 m wide, and to a depth of 600 meters. The deposit is open to depth and down plunge to the northwest.

A number of historic gold showings have been identified and are indicative of the wide extent of gold mineralization present on the Ulu Gold Property. Resources estimated only pertain to the Flood Zone which is situated between the two gabbroic sills that form the limbs of the anticline and the metasedimentary fold nose located to the southeast.

Resource

The Ulu gold deposit hosts National Instrument 43-101 compliant mineral resources as shown in the following chart.

	Indicated Mineral Resources		Inferred Mineral Resources	
Gold (grams per tonne) Cut Off	**Tonnes***	**Gold (grams per tonne)**	**Tonnes***	**Gold (grams per tonne)**
5.0	720,000	11.7	410,000	10.73
6.0	690,000	11.99	400,000	10.86
7.0	630,000	12.44	370,000	11.15

* Tonnes have been rounded to reflect relative accuracy of the mineral resource estimate. **Estimated as at May 5, 2006 in the independent National Instrument 43-101 technical report on the property entitled "Ulu Gold Project Resource Estimate, Kitikmeot Region, Nunavut, Canada". The technical report is available for viewing under the corporate profile of Wolfden Resources Inc. on SEDAR at www.sedar.com. An updated technical report will be filed on Elgin's profile on SEDAR in accordance with applicable securities laws.

Based on several, deep, high grade intercepts, excellent potential exists to substantially increase the gold resource at depth. Additionally, there are several surface showings of interest.

Mine Development

Approximately 1.7 kilometres of underground development already exist; although, no production mining has occurred at Ulu. All of the surface and underground equipment necessary to proceed towards production is present at Ulu.

Infrastructure

The facilities at Ulu consist of a 60-man Weather-haven camp with sleeping, dining and recreation quarters, a vehicle repair shop, power house, warehouse, cold storage, office and change rooms. Also at the site are a fuel storage tank farm, fresh water and sewage systems, garbage incinerator and an ore storage area.

The property is accessible by fixed wing and rotary aircraft from Yellowknife, a distance of 530 kilometers to the south. Both wheel and float equipped aircraft can land near the site. A 1,200 meter long gravel airstrip suitable for Hercules size aircraft is situated 3.5 kilometers south of the camp.

Terms of Acquisition

Elgin has agreed to purchase all of the outstanding shares of Bonito Capital Corp. ("Bonito"), a private company that has entered into an exclusivity agreement (the "Exclusivity Agreement") pursuant to which it has agreed, subject to satisfactory due diligence, to negotiate and enter into the Acquisition Agreement to acquire the Lupin Gold Mine and the Ulu deposit and related properties and assets, by issuing 2,000,000 common shares of Elgin to the shareholders of Bonito. The entering into of the Acquisition Agreement is expected to occur on or before May 6, 2011. Under the terms of the Exclusivity Agreement the purchase price to acquire the Lupin Gold Mine and the Ulu gold deposit would be payable as follows:

1. $4,465,000 payable in cash at closing; and

2. the issue on closing of $3,000,000 of convertible debentures that will be convertible into shares of Elgin. Conversion of the convertible debentures shall occur automatically upon Elgin completing an offering of its shares following the closing of the Acquisition at a price per share equal to the Offering price. If Elgin does not complete the offering within 240 days of closing of the Acquisition, the convertible debentures will be repayable in cash.

As a condition of closing of the Acquisition, Bonito will be required to replace the current MMG reclamation bonds ($27.185 million) with the Government of Canada ($25.5 million for Lupin and $1.685 million for Ulu) which cover the reclamation liability at the Lupin and Ulu sites.

About Patrick Downey

Mr. Downey has over 25 years of experience in the resource industry and was most recently the President and Chief Executive Officer of Aura Minerals Inc. from April 2007 until March 25, 2011 when Aura Minerals announced his resignation. Prior to joining Aura Minerals, Mr. Downey held the position of President and Chief Executive Officer and Director of Viceroy Exploration Ltd. which was acquired by Yamana Gold Inc. for $600 million in 2006. Prior thereto, Mr. Downey served as President of Consolidated Trillion Resources Ltd. and Oliver Gold Corporation, where he negotiated their successful merger to form Canico Resource Corp., which was purchased by CVRD for approximately $876 million. Mr. Downey has held senior engineering positions at several large-scale gold mining operations including a number of mining projects for Anglo American Corporation in South Africa. Mr. Downey holds a Bachelor of Science (Hon.) degree in Engineering from Queen's University in Belfast, Ireland. Elgin has agreed with Mr. Downey on the terms of his employment which take effective immediately and include, among other things, the grant as of the date hereof of 2,000,000 stock options exercisable at a price of $1.63 per share, to be vested 25% at the end of each calendar year commencing in 2011. A portion of the options granted to Mr. Downey are subject to ratification by shareholders of Elgin at its next annual meeting.

<u>**About Elgin**</u>

Elgin Mining Inc. has approximately $46 million in cash available to complete the acquisitions of the Lupin Gold Mine and Ulu gold deposit as well as to commence aggressive exploration and development programs on each and to meet its obligations with respect to its recently announced option agreement with Lincoln Mining Corp.

Elgin wishes to express its sincere thanks to Mr. Robert M. Buchan for assuming the transitional roles of President and Chief Executive Officer over the last year and a half. On closing of the Acquisition, Mr. Buchan will step down as President and CEO of Elgin and will retain the role of Chairman of the Board. Mr. Buchan's prior affiliation with Kinross as its founder, Chairman, President and CEO will continue to aid Elgin as the Company advances new acquisitions.

Richard Graham, P.Geol, is a qualified person as defined by National Instrument 43-101, and has reviewed and approved the technical disclosure in this news release.

FORWARD-LOOKING STATEMENTS

Certain information set forth in this press release contains "forward-looking statements" and "forward-looking information" under applicable securities laws. Except for statements of historical fact, certain information contained herein constitutes forward-looking statements which include management's assessment of Elgin's future plans and operations, that Patrick Downey will assume the role of President and CEO and as a director of the Company upon completion of the Acquisition and that the Acquisition Agreement will be entered into within the expected time period if at all, and are based on Elgin's current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as "expects" "anticipates", "believes", "projects", "plans", and similar expressions. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause Elgin's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Elgin undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

For further Information, please contact:

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Schedule “B”

Definitions

As used in this Schedule “B”, the following words have the following meanings:

"**Taxes**" means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, unemployment insurance payments and workers compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties, imposed by any governmental authority (including federal, state, provincial, municipal and foreign governmental authorities), and whether disputed or not.

Representations and Warranties of the Bonito Shareholders

Each of the Bonito Shareholders makes the following representations and warranties to the Buyer on a joint and several basis:

(a) Bonito is a corporation duly incorporated and validly subsisting and in good standing under the laws of its jurisdiction of incorporation.

(b) The execution and delivery of this Letter Agreement by each of the Bonito Shareholders will not violate or result in the breach of the laws of any jurisdiction applicable or pertaining to this Letter Agreement or any agreement to which such Bonito Shareholders are a party or by which the assets of such Bonito Shareholders are bound.

(c) Each of the Bonito Shareholders has all necessary right and authority to enter into this Letter Agreement.

(d) Each of the Bonito Shareholders has duly executed and delivered this Letter Agreement which is fully binding upon and enforceable against the Bonito Shareholders in accordance with its terms, subject to applicable bankruptcy laws and rules of equity.

(e) Bonito is duly registered in all necessary jurisdictions where it currently owns property and carries on business;

(f) There are no outstanding or pending actions, suits or claims affecting Bonito, the Bonito Shareholders or their respective properties.

(g) Bonito is a party to the Exclusivity Agreement, which agreement remains in full force and effect. The execution and delivery of this Letter Agreement and the consummation of the Transaction do not require any consent under the Exclusivity Agreement.

(h) Bonito has no other assets or properties, is not subject to any liabilities (contingent or otherwise), including without limitation to its shareholders (other than shareholder loans made by the Bonito Shareholders to Bonito to cover costs and expenses as referenced in Section 16 of the Agreement to which this Schedule “B” is attached) or contractual arrangements or understandings and except for all professional services rendered in favour of Bonito in connection with the entering into of this Agreement and the Acquisition Agreement and the transactions contemplated by this Agreement and the Acquisition Agreement. Bonito has now and has never had any employees.

(i) The minute books provided to counsel to the Buyer are true, complete, accurate and up to date.

(j) None of the Bonito Shareholders nor their affiliates are “related parties” of Elgin, as such term is defined in Multilateral Instrument 61-101.

(k) Neither of the Bonito Shareholders are a non-resident of Canada for purposes of Section 116 of the *Income Tax Act* (Canada).

(l) Bonito has not yet been required to make any tax filings.

(m) Bonito has paid in full all Taxes required to be paid on or prior to the date hereof.

(o) Bonito has withheld from each payment made to any of its present or former officers and directors, and to all persons who are non-residents of Canada for the purposes of the *Income Tax Act* (Canada) all amounts required by law to be withheld, and furthermore, has remitted such withheld amounts within the prescribed periods to the appropriate governmental body.

Schedule "C"

Representations and Warranties of Elgin

Elgin makes the following representations and warranties to the Bonito Shareholders:

(a) Elgin is a corporation duly incorporated and validly subsisting and in good standing under the laws of its jurisdiction of incorporation.

(b) The execution and delivery of this Letter Agreement by Elgin been duly authorized, ratified and approved by all necessary corporate action and will not violate or result in the breach of the laws of any jurisdiction applicable or pertaining to this Letter Agreement or of Elgin's constating documents. or any agreement to which Elgin is a party or by which the assets of Elgin are bound.

(c) Subject to receipt of requisite board of director approval as contemplated herein and receipt of TSXV approval as contemplated herein, Elgin has all necessary right and authority to enter into this Letter Agreement.

(d) Subject to receipt of requisite board of director and TSXV approval as contemplated herein, Elgin has duly executed and delivered this Letter Agreement.

(e) Subject to receipt of the TSXV Approval, upon issuance, the Consideration Shares shall be fully paid and non-assessable as fully paid and non-assessable shares and shall form part of a class of shares that is listed and posted for trading on the TSXV.

(f) None of the Canadian securities regulators or any similar authority or court of competent jurisdiction or any other governmental authority has issued or threatened to issue any order preventing or suspending trading in any securities of the Buyer which is currently in effect. The Buyer's common shares are listed and posted for trading on the TSXV. The Buyer is a "reporting issuer" in good standing under the securities laws of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland. The Buyer is not subject to any cease trade or other order of any applicable stock exchange or securities regulatory authority and, to the knowledge of the Buyer, no investigation or other proceedings involving the Buyer which may operate to prevent or restrict trading of any securities of the Buyer are currently in progress or pending before any applicable stock exchange or securities regulatory authority.

(g) The Buyer has filed with the Canadian securities regulatory authorities, stock exchanges and all applicable self-regulatory authorities a true and complete copy of all forms, reports, schedules, statements, certifications, material change reports and other documents required to be filed by it (such forms, reports, schedules, statements, certifications and other documents, including any financial statements or other documents, including any schedules included therein, are referred to in this subsection as the "**Buyer Public Documents"**). The Buyer Public Documents, at the time filed or, if amended, as of the date of such amendment: (a) did not contain any misrepresentation (as defined or interpreted by securities regulatory authorities) and did not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (b) complied in all material respects with the requirements of applicable securities legislation and the rules, policies and instruments of all securities regulatory authorities having jurisdiction over Buyer. The Buyer has not filed any confidential material change or other report or other document with any securities regulatory authorities or stock exchange or other self-regulatory authority which at the date hereof remains confidential.

(h) The audited financial statements and unaudited interim financial statements of the Buyer included in the Buyer Public Documents, comply as to form in all material respects with applicable accounting requirements and the requirements, rules and regulations of the Canadian securities regulators with respect thereto, have been prepared in accordance with Canadian generally accepted accounting princples applied on a consistent basis throughout the periods covered thereby, and fairly present the consolidated financial condition, results of operations and cash flows of the Buyer as of the respective dates thereof and for the periods referred to therein.

(i) The Buyer has sufficient financial resources available to it to complete the acquisition of the Assets, directly or indirectly.