

Mountain Lake Wants New Island
By Amanda Fraser
ALLNOVA SCOTIA

The coming year for Halifax-based Mountain Lake Resources depends largely on a successful acquisition of junior Newfoundland gold miner New Island Resources. "A big plus or minus will be if we get New Island or not. We'd have a great project to work on at Glover Island for next year if we are successful in acquiring (New Island)," said Mountain Lake president and ceo Gary Woods following his company's annual meeting on Friday. Mountain Lake entered a letter of intent to acquire New Island on June 2 with an offer of one Mountain Lake share for 5.5 shares of that company. Woods's company would gain a 40 per cent share of commercial production from New Island's Pine Cove mine in Northern Newfoundland, as well as the company's Glover Island gold mining project. But days after Mountain Lake put its interest in writing, Anaconda Mining came in with a direct offer to shareholders that will close July 19 for New Island. The Anaconda offer is three New Island shares for one Anaconda share, which Toronto company says works out to about 10.83 cents a share for the Newfoundland company (see allnovascotia 2010-06-17). Mountain Lake is currently in a joint venture with site operator Marathon PGM on a gold exploration project at Valentine Lake in Central Newfoundland. The companies recently released promising results from the first two holes of an 8,000 metre drill program. Woods said combining New Island with his Valentine Lake project would pit his company as one of the most significant gold miners on The Rock. Mountain Lake will look to raise up to \$2 million this year, first through private placements and then on the market, to fund work obligations at Valentine Lake. If the gold-focused company is able to sell Bobby's Pond, a copper and zinc project 50 kilometres northeast of Valentine Lake, it can forgo the fundraising, said Woods. Depending on the price of zinc and copper at the time, the sale could raise a "significant amount of money for us," he said. The potential buyer he has in mind is Teck, a Vancouver-based exploration company with copper, zinc and metallurgical coal interests around North America and one copper-zinc mine outside of Grand Falls-Windsor. "It depends totally on Teck and their attitude toward wanting to be in Newfoundland for the long term or the short term," he said, adding he expects a decision by the summer.