

Environmental Assessment Registration for Diamond Drilling, Camp Construction, Trenching, Soil/Rock/Till Sampling & Geological Prospecting

- GLOVER ISLAND GOLD PROJECT -

**Kettle Pond, Lunch Pond, Lunch Pond South Extension,
Meadow Brook & Quartz Pond
Glover Island, Western Newfoundland**

**File Reference No. 200.20.1887
Natural Resources File No. E110099**



Mountain Lake Resources Inc.
Suite 1700 – 1959 Upper Water Street
Halifax, Nova Scotia
B3J 3N2
TSX-Venture: MOA

Environmental Assessment Registration for Diamond Drilling, Camp Construction, Trenching, Soil/Rock/Till Sampling & Geological Prospecting

- GLOVER ISLAND GOLD PROJECT -

**Kettle Pond, Lunch Pond, Lunch Pond South Extension,
Meadow Brook & Quartz Pond
Glover Island, Western Newfoundland
File Reference No. 200.20.1887
Natural Resources File No. E110099**

Mountain Lake Resources Inc.
Suite 1700 – 1959 Upper Water Street
Halifax, Nova Scotia
B3J 3N2
TSX-Venture: MOA

NAME OF UNDERTAKING:
“Glover Island Gold Project”

PROPOSER:

(i) Name of Corporate Body: **Mountain Lake Resources Inc. (MOA)**

(ii) Address: Suite 1700
1959 Upper Water Street
Halifax, Nova Scotia
B3J 3N2

(iii) Chief Executive Officer:

Name:	Mr. Gary Woods
Official Title:	President and CEO
Address:	P.O. Box 40 40 Ports Landing Port Williams, Nova Scotia B0P 1T0

Telephone No.: (902) 542-9773 *Email:* mountain_lake@ns.sympatico.ca

(iv) Principal Contact Person for purposes of environmental assessment:

Name: **Paul K. Smith**
Official Title: Exploration Manager
Address: 1853 Sunken Lake Road
RR#2, Wolfville, Kings Co.,
Nova Scotia, B4P 2R2
Telephone No.: (902) 698-2662 Email: pauls@xcountry.tv



Mineralized Quartz Vein containing fine grained Visible Gold

EXECUTIVE SUMMARY

Mountain Lake Resources Inc. is seeking approval through this EA Registration to complete a mineral exploration program on Glover Island ('**Glover Island Gold Project**').

Mountain Lake acquired a 100% interest in the Property in October 2010. It is located on the south-central portion of Glover Island and consists of two mineral licenses and one mining lease covering a total of 5,100 hectares. The Property is host to several significant gold prospects over an 11 km strike length. Significant drill intercepts include 16.7 m of 5.31 g/t Au at the LPSE Prospect, 10 m of 4.93 g/t Au at Kettle Pond South, and 8.0 m of 10.18 g/t Au at the Lucky Smoke Deposit. Historical resource estimates* were previously reported by Wilson, et al., (2008) for three areas of the Property: Kettle Pond South - 450,000 tonnes at 2.3 g/t Au for 33,276 troy ounces (oz.); Lunch Pond South Main Zone - 2,730,000 tonnes at 2.1 g/t Au for 184,321 oz.; and Lunch Pond South West Zone - 900,000 tonnes at 1.6 g/t Au for 46,297 oz. This information suggests that there is an economic gold deposit on the Glover Island.

** Cautionary Statement: A qualified person has not done sufficient work to classify the historical estimate above as current mineral resources. Mountain Lake is not treating the historical estimate as current mineral resources and the historical estimate should not be relied upon.*

However, none of this resource estimation qualifies under National Instrument NI43-101 as mandated by all Securities Commissions. The price of gold when this resource was delineated was below \$400 per ounce, but with the rise in gold price to its current levels the resource has a much better chance of being economically viable. Thus, MOA wishes to undertake a diamond drill project to both verify its current gold resource and to produce new infill data that would allow for calculation of an NI43-101 compliant resource acceptable to the regulators.

Logistics include, construction of a 10 person camp including telecommunications, construction of a fuel cache and remediation of the existing trail leading to the camp site. Operations will include between 7,000-8,000m of diamond drilling, soil-rock-till geochemistry, results-dependant trenching and prospecting.

Throughout all aspects of the project special attention will be given sensitivities pertaining to Pine Marten and Trails. Selection of low impact vehicles including small footprint diamond drill, wide track excavator, rubber-track Morooka and track ATVs is a testament to the conviction of Mountain Lake Resources Inc. to minimize all detrimental impacts on Glover Island during its exploration program.

THE UNDERTAKING:

(i) Nature of the Undertaking:

The following activities are planned during the project: camp construction, exploration diamond drilling, surface prospecting, soil/rock/till geochemistry, trenching, trail rehabilitation and surface remediation & re-vegetation. The 'Glover Island Gold Project' is intended to evaluate both the mineral resource potential and viability of a socio-economic, mineable gold deposit on Glover Island. Project activities will occur on UTM Map Sheet 12-A/12 and part of 12-A/13 (Figure 1) over the company's mineral exploration licences and mining lease (Figure 2). The 2011 project activities will occur at the following eleven areas (Figures 3, 4):

- (a) Lunch Pond South Extension (LPSE)
- (b) Kettle Pond South (KPS)
- (c) Lunch Pond (LP)
- (d) Discovery Vein (DV)
- (e) Rusty Vein (RV)
- (f) Meadow Brook (MB)
- (g) Grid 2700
- (h) Tomahawk (TOM)
- (i) Lucky Smoke (LS)
- (j) Keystone (KEY)
- (k) Jacamar (JAC)

The following 2011 activities will take place on the aforementioned sites:

- (a) LPSE (Figure 5)
 - a. Shallow exploration drilling for a total of 30 holes
 - b. Prospecting (soil/rock/till geochemistry)
 - c. Trenching (tentative)
 - d. Remediation & Re-vegetation
- (b) KP (Figure 6)
 - a. Camp construction
 - b. Shallow exploration drilling for a total of 15 holes
 - c. Prospecting (soil/rock/till geochemistry)
 - d. Trenching (tentative)
 - e. Remediation & Re-vegetation

(c) LP

- a. Construction of a doubly lined, bermed, fuel cache located ~150m north of Lunch Pond adjacent to an existing trail.
- b. Shallow exploration drilling for a total of 2 holes
- c. Prospecting (soil/rock/till geochemistry)
- d. Trenching (tentative)
- e. Remediation & Re-vegetation

(d) Discovery Vein

- a. Prospecting (soil/rock/till geochemistry)

(e) Rusty Vein

- a. Prospecting (soil/rock/till geochemistry)

(f) MB

- a. Prospecting (soil/rock/till geochemistry)

(g) Grid 2700

- a. Prospecting (soil/rock/till geochemistry)

(h) TOM

- a. Prospecting (soil/rock/till geochemistry)

(i) LS* (Figure 7)

- a. Shallow exploration drilling for a total of 5 holes
- b. Prospecting (soil/rock/till geochemistry)
- c. Trail rehabilitation
- d. Remediation & Re-vegetation

(j) KEY

- a. Prospecting (soil/rock/till geochemistry)

(k) JAC

- a. Prospecting (soil/rock/till geochemistry)

** Note: Drilling will commence at LS following successful rehabilitation of the proposed trail between the Camp and the former logging road at the northern end of the exploration license.*

In addition to the 11 detailed areas listed above, Mountain Lake will conduct prospecting and soil sampling surveys in areas where previous surveys have identified areas of interest in either bedrock or soils throughout the claims (Figure 8). Environmental monitoring will be an integrated part of this exploration project.

The project description below outlines specific work activities to advance the project objectives. These activities, as noted above,

will focus on the LPSE, KP and LP areas with the possible inclusion of LS (Figures 3, 4). Any exploration activities which falls outside the scope outlined in this registration document will be submitted for review through the Department of Natural Resources “Application for Exploration Approval and Notice of Planned Mineral Exploration Work” process. In addition, proposed drill sites, trench locations, camp site, fuel cache area and trail rehabilitation areas will be examined by a qualified biologist prior to commencement of activities to minimize environmental impact to the ecosystem.

It is worth noting that any trenching activity (no specific details are given herein) will be totally based on results from surface prospecting and results from laboratory analyses. Before any such trenching activities commence, a full description of the location and activity will be submitted to government regulators for review and permitting requirements. In the event that trenching does take place, the topsoil will be placed to one side of the trench so it can be used during remediation. A typical trench will be ~1m wide and ~1 to 2 metres deep and may be as long as 75m (typically less). Upon completion of any trenching activity it will be immediately remediated subsequent to mapping and sampling. Remediation will include re-seeding to promote vegetation growth and soil stabilization.

(ii) Purpose/Rationale/Need for the Undertaking:

Previous mineral exploration on Glover Island has been carried out by other companies (Hudson Bay Oil and Gas Ltd., Brinex, Varna Resources Inc. & South Coast Resources Inc., Noranda Exploration Co., Newfoundland Goldbar Resources Inc., New Island Resources Inc.) in this area and have delineated ~263,000 ounces of low grade (~2g/t) gold mineralization in three zones (Lunch Pond, Lunch Pond South Extension and Kettle Pond). In addition, the property is host to several significant gold prospects over an 11 km strike length. Significant drill intercepts include 16.7 m of 5.31 g/t Au at LPSE, 10 m of 4.93 g/t Au at KP and 8.0 m of 10.18 g/t Au at the LS. Historical resource estimates* (Wilson, et al., 2008) have been calculated for these three areas of the Property: KP - 450,000 tonnes at 2.3 g/t Au for 33,276 troy ounces (oz.); LP - 2,730,000 tonnes at 2.1 g/t Au for 184,321 oz.; and LPSE - 900,000 tonnes at 1.6 g/t Au for 46,297 oz. However, none of this resource estimation

qualifies under National Instrument NI43-101 as mandated by all Securities Commissions. The price of gold when this resource was delineated was below \$400 per ounce, but with the rise in gold price to its current levels the resource has a much better chance of being economically viable. Thus, MOA wishes to undertake a diamond drill project to both verify its current gold resource and to produce new infill data that would allow for calculation of an NI43-101 compliant resource acceptable to the regulators. Although diamond drilling is the main focus of the company's exploration activities, prospecting and mapping will also be carried out to establish geological controls for the gold mineralization.

** Cautionary Statement: A qualified person has not done sufficient work to classify the historical estimate above as current mineral resources. Mountain Lake is not treating the historical estimate as current mineral resources and the historical estimate should not be relied upon.*

DESCRIPTION OF THE UNDERTAKING:

(i) Geographical Locations:

This project is located on the southern half of Glover Island on 1:50,000 UTM map sheets 12-A/12 & 13 (Figure 3). The approximate coordinates for each of the 11 work site boundaries above are as follows (all bearings are referred to the UTM grid, Zone 21, NAD27):

LPSE: Beginning at the Northeast corner of the herein described parcel of land, and said corner having UTM coordinates of 441,800E, 5,395,000N; thence South a distance of 1,000m to 441,800E, 5,394,000N; thence West a distance of 1,650m to 440,150E, 5,394,000N; thence North a distance of 1,000m to 440,150E, 5,395,000N and thence East 1,650m to the point of beginning (See attached maps & 2008 stereo satellite photo image).

KP: Beginning at the Northeast corner of the herein described parcel of land, and said corner having UTM coordinates of 442,200E, 5,396,150N; thence South a distance of 1,150m to 442,200E, 5,395,000N; thence West a distance of 1,200m to 441,000E, 5,395,000; thence North a distance of 1,150m to 441,000E, 5,396,150N and thence East

1,200m to the point of beginning (See attached maps & 2008 stereo satellite photo image).

LP: Beginning at the Northeast corner of the herein described parcel of land, and said corner having UTM coordinates of 441,800E, 5,395,000N; thence South a distance of 1,000m to 441, 800E, 5,394,000; thence West a distance of 1,650m to 440, 150E, 5,394,000; thence North a distance of 1,000m to 440,150E, 5,395,000; and thence East 1,000m to the point of beginning (See attached maps & 2008 stereo satellite photo image).

DV: Beginning at the Northeast corner of the herein described parcel of land, and said corner having UTM coordinates of 443,450E, 5,395,500N; thence South a distance of 700m to 443,450E, 5,394,800N; thence West a distance of 900m to 442,550E, 5,394,800N; then North a distance of 700m to 442,550E, 5,395,800N; thence East 900m to the point of beginning (See attached maps & 2008 stereo satellite photo image).

RV: Beginning at the Northeast corner of the herein described parcel of land, and said corner having UTM coordinates of 444,250E, 5,396,100N; thence South a distance of 600m to 444,250E, 5,395,500N; thence West a distance of 950m to 443,300E, 5,395,500N; thence North a distance of 600m to 443,300E, 5,396,100N; thence East to the point of beginning (See attached maps & 2008 stereo satellite photo image).

MB: Beginning at the Northeast corner of the herein described parcel of land, and said corner having UTM coordinates of 445,050E, 5,396,800N; thence South a distance of 700m to 445,050E, 5,396,100; then West a distance of 1,300m to 443,750E, 5,396,100N; thence North a distance of 700m to 443,750E, 5,396,800N; thence East a distance of 1,300m to the point of beginning (See attached maps & 2008 stereo satellite photo image).

Grid 2700: Beginning at the Northeast corner of the herein described parcel of land, and said corner having UTM coordinates of 445,950E, 5,397,800N; thence South a distance of 400m to 445,950E, 5,397,400N; thence to the West a distance of 500m to 445,450E, 5,397,400N; thence North a distance of 400m to 445,450E, 5,397,800N; thence a

distance of 500m to the point of beginning (See attached maps & 2008 stereo satellite photo image).

TOM: Beginning at the Northeast corner of the herein described parcel of land, and said corner having UTM coordinates of 446,000E, 5,398,800N; thence South a distance of 550m to 446,600E, 5,398,250N; thence West a distance of 600m to 446,000E, 5,398,250N; thence North a distance of 550m to 446,000E, 5,398,800N; thence East a distance of 600m to the point of beginning (See attached maps & 2008 stereo satellite photo image).

LS: Beginning at the North corner of the herein described parcel of land, and said corner having UTM coordinates of 447,100E, 5,399,300N; thence South a distance of 500m to 447,100E, 5,398,800N; thence West a distance of 1,100m to 446,000E, 5,398,800N; thence North a distance of 500m to 446,000E, 5,399,300N; thence East a distance of 1,100m to the point of beginning (See attached maps & 2008 stereo satellite photo image).

KEY: Beginning at the Northeast corner of the herein described parcel of land, and said corner having UTM coordinates of 446,700E, 5,399,800N; thence South a distance of 500m to 446,700E, 5,399,300N; thence West a distance of 400m to 446,300E, 5,399,300N; thence North a distance of 500m to 446,300E, 5,399,800N; thence East a distance of 400m to the point of beginning (See attached maps & 2008 stereo satellite photo image).

JAC: Beginning at the Northeast corner of the herein described parcel of land, and said corner having UTM coordinates of 447,100E, 5,399,800N; thence South a distance of 500m to 447,100E, 5,399,300N; thence West a distance of 400m to 446,700E, 5,399,300N; thence North a distance of 500m to 446,700E, 5,399,800N; thence East a distance of 400m to the point of beginning (See attached maps & 2008 stereo satellite photo image).

Access for two pieces of machinery (CAT315 excavator and a Morooka 800 series all terrain, track vehicle) will be via barge from Northern Harbour to an unload point on the east shore of the Glover Island (approximate UTM: 456,250E, 5,405,820N on 1:50,000 Map Sheet 12-A/13 {Corner Brook}).

From there, these machines will travel along the old logging roads to the approximate coordinate on UTM Map Sheet 12-A/13 of 448,000E, 5,401,900N. At that point the trail system will be followed to the camp (Figure 9), avoiding the many bogs where ever possible.

(ii) Physical Features:

The topography underlying both the Company's mining lease and the mineral exploration licences are characterized by mixed forest and hummocky bedrock ridges to boggy terrain. In the immediate areas adjacent to Kettle and Lunch Ponds, the forest is characterized by a large proportion of over-mature, dead trees that are either still standing or have been blown over (Figures 10 to 16). Presumably, an insect infestation was responsible for this resulting forest condition. Currently there is a lack of softwood regeneration in these areas. Thin, boulder, clay-rich glacial till (~1-3m) and minor gravels covers much of the sub-project except in areas of bedrock. Presumably the boggy areas are also underlain by till cover. Soils and organic-rich matter are common on the glacial till and bogs respectively. The only significant stream is one that flows westward from Kettle Pond, located about 100m north of the proposed camp site (Figure 6).

(iii) Construction Overview:

- (a) Construction will include three components (a) Camp, (b) Fuel Cache and (c) Trail Remediation (Figures 17 to 20, Figures 21 to 24 and Figure 9 respectively). The construction of the camp will consist of the following building: kitchen (16' x 24'), core building (16' x 24'), office/dry/sleeping accommodations (5 @ 16' x 16'), generator building (12' x 10'), pit privy (8' x 8') and a metal dome-shaped storage building (20' x 40'). All structures will be constructed for easy disassembly and removal. Any ground disturbance associated with this camp construction will be remediated and re-vegetated following the end of the project.
- (b) A fuel cache will be necessary to run this remote exploration program. The location, adjacent to an existing trail (Figures 21 to 23) is based on 97 drums of diesel fuel to be used for

operational equipment, electrical generation and heating, and 3 drums of gasoline for a portable generator, power saws and water pump. Examples of the configuration are shown in figure 24. An earthen berm will first be constructed and the synthetic fibre will be placed on level ground that has been covered with plywood to minimize any potential for punctures. A large cache is being proposed to minimize the frequency of helicopter, re-fuelling events that could have a detrimental impact on sensitive wildlife.

(c) The company wishes to move the existing trails off the bogs and into the tree line on stable ground in an attempt to minimize further damage to wetlands caused by wheeled vehicles. Although most of the trail can be stabilized, there are areas of the trail (red '+' in Figure 9) that will require either construction of bridges at small brook crossings or timber corduroy construction at bog crossings. These structures will be removed at the end of the project if deemed to have a detrimental impact. This work would be completed over the early phase of the project in consultation with a qualified biologist and government staff to ensure the new trail followed the most appropriate path. The longer term benefits for this would certainly complement wetland recovery initiatives across Glover Island, minimize detrimental effects on wetland vegetation and improve water quality over the effected bogs.

(d) Details:

As mentioned above, there will be two aspects of construction associated with this project once the sites have been inspected for pine marten dens. First, will be the construction of the exploration camp near the southern tip of Kettle Pond (Figures 17 to 20) and fuel cache about 100m north of Lunch Pond (Figures 21 to 24). All buildings (both wooden and metal) will be designed with a 'bolt-together' configuration for easy removal at the end of the project. Necessary cutting of dead trees (many are dead and standing, see figures 10 to 16, and 22, 23) will be required to erect this camp and fuel cache. Wherever possible the vegetation floor mat will be left intact to minimize any long

term footprint after all buildings are removed. Should camp removal be required in the future, re-seeding will occur.

Construction of the camp will commence as soon as Ministerial approval is received and should last for an estimated three weeks.

The camp (Figure 20) will be prepared for a maximum of ten (10) company staff but may also include accommodations for up to four (4) research staff from government and/or universities personnel if necessary. Dual telecommunications systems for data transfer, phone and television will be installed. The main benefit of rigid walled camp construction is that it can act as a stable base for ongoing mineral exploration, ecosystem research on the island and furthermore, can be dismantled quickly.

Second, will be the construction phase related to minimizing the obvious detrimental effects of the trails over boggy areas. The company is acutely aware of the destructive consequences of conventional ATV (Figure 25, 26) and snowmobile use on these trails to both the environment and wildlife. Working with both consulting and government biologists the company will construct new trails, adjacent to bog trails, on solid ground either along the bog-tree line interface or just inside the tree line. The ultimate objective would be to see no trails crossing any bog, except where biologists determine no other option is available. Moving the trails onto solid ground will involve tree cutting but any new trail corridor will be inspected for both pine marten dens and other sensitive habitat prior to any cutting.

It should be further noted that all drilling activities at LS will commence after the trail has been remediated so that exploration activities do not have a detrimental impact on the local ecosystem. In addition, restrictive log barriers will be placed in a safe manner as recommended to impede easy access by others both across bogs and to areas of sensitive habitant.

Development of this trail remediation will occur during times approved by the biologists such that no undue stress is placed on any wildlife species populations where the trail is designated to go. The trail shown in figure 9 is close to the original trail but may be subject to minor modification based on input from biologists and regulators.

Anticipated conflicts exist with the local pine marten population and trail development. The company will work with consultants, biologists and regulators to ensure that undue stress is not placed on the marten population, and will support efforts to enhance their habitat where ever possible. The company is also cognisant of the denning period for the pine marten and will ensure every effort is taken to ensure survival of the young, including ceasing all intrusive activities during this period.

Because any conflict during the denning period of the pine marten (May-June) will be over prior to the commencement of the project, no conflict issue is envisioned. Upon the recommendation of specialists on pine marten behaviour and habitat, the company will implement the necessary measures to ensure that any nesting/birthing pine marten is not impeded in any manner so as to jeopardize successful rearing of its young.

The current (2007) estimation for the adult pine marten population in Newfoundland in five sub-populations is between 286 and 556 or, 0.04 to 0.08 marten/km² (based on government releases and the 2010 Recovery Plan) and 400 to 850 (based on an April, 2007 internet information release (http://en.wikipedia.org/wiki/Newfoundland_Pine_Marten)). COSEWIC re-evaluated the species in April 2007 and changed the designation from Endangered to Threatened. The estimated numbers of pine marten on Glover Island (178km²) is not known to the company, but based on the averaged population density noted above, it can be implied that between 7 and 14 marten form a stable population on the island. Based on this, Mountain Lake Resources feels

confident that its activities will not have a detrimental impact on the pine marten population.

Potential conflicts also exist with the proposed moving of trails but the company feels this is in the best interest of wetland sustainability to do so. However, the company is also open to alternative recommendations that lead to lower environmental impact along these trails.

No other conflicts are anticipated.

During both the camp and trail construction period the following sources of potential pollutants may occur:

- Exhaust from chain saws and portable generators (mitigation: none known)
- Minor mixed-gasoline spills while refuelling chain saws (mitigation: plastic sheeting will be placed under the saws while re-fuelling occurs and under fuel containers at all times)
- Noise from saws, generators (mitigation: new saws will be used and generator exhaust systems will minimize any undue noise)
- Solid waste from pit privy (mitigation: the privy discharge will be covered at the end of each season, or as OH&S concerns may demand)
- Grey water from camp - until activities demand that a septic system is required all grey water will be collected in a series of successive till sumps such that any final discharge is clear of residue. All grey water discharge will be directed away from all proximity to water bodies (swamps, streams, ponds) to ensure no discharge enters a water body (mitigation: when suitable conditions warrant, a suitable septic system will be installed)
- Spills at the fuel cache site (mitigation: a double walled containment berm will be constructed for the fuel cache using quality assurance, manufactured products, and adsorbent compound will be located at the site. In addition, the drums (100) will be covered

to minimize rain and snow entering the fuel cache containment area.

(iv) Operation:

As indicated above, the operational activities under this project will include the following:

- a. Shallow exploration diamond drilling
- b. Prospecting (soil/rock/till geochemistry)
- c. Trenching (result dependent)
- d. Trail rehabilitation
- e. Remediation & Re-vegetation

(a) A total of 52 diamond drill holes are planned at four (4) of the eleven (11) sites on Glover Island (pending approvals) for a total of between 7,000-8,000m. All four of these areas (LPSE, KP, LP & LS) have seen previous drilling in the past and all have access routes to them. Drill hole locations are shown on Figures 5 to 7 and proposed hole coordinates are tabulated in Table 1. The drill program will commence as soon as approval of the application is granted and will continue for approximately 90-100 days after commencement.

It is worth noting that the exact location of some drill holes are dependent on the results of earlier holes and therefore the exact UTM coordinates may vary slightly from those indicated.

Drilling will be conducted by a Duralite 800, rubber track-mounted, self-propelled rig especially designed to leave the smallest possible footprint in sensitive environments (Figures 27 to 31). The support vehicle is also especially designed and is a self-propelled, rubber track-mounted machine. This drill rig will be disassembled and flown to the project site for reassembly. This method is dependent on the availability of a heavy lift (~1,100kg) helicopter as some of the drill components exceed the lift capacity of most helicopters in the local area.

During contract negotiations, great care was emphasized to ensure that the winning drill contractor would have access to small-footprint equipment to minimize operational any damage to the sensitive environment conditions on Glover Island.

All drill core will be transported from each drill site to the core building at the camp site using either a rubber track-mounted Morooka (Figure 32) especially purchased for this project or a quad mounted with Tatou tracks (Figures 33 to 35) and a specially designed trailer having duel mounted tires fixed to a walking beam to minimize impact on the trails. Transportation of fuel and core materials will be coordinated to minimize the number of trips on any pre-designated trail.

Following geological investigations (drill core logging, photography, sampling, etc.) on the drill core at the camp site each of the holes will be stored in the metal storage building under cover and on core racks.

As drilling at each hole is completed and down-hole survey measurements completed, the ~3" wide casing will be capped and the hole location marked for future reference. During drilling all recirculation water will be directed to sump to help collect the fine rock cuttings. Furthermore, all recirculation water will be directed away from any nearby stream or wetland area to prevent adverse effects on smaller organisms or their habitant. If warranted, necessary re-seeding at a drill site will take place to encourage soil stability.

Water withdrawal points for drilling purposes will be carefully selected and adjusted based on local criteria of each specific site. The proposed water withdrawal points for each of the four (4) drill sites are indicated in Table 2). A permit application for "Temporary Water Withdrawal" has been submitted to the Department of Natural Resources for these sites. All water lines will be removed subsequent to drilling and lines will be moved as infrequently as possible to

ensure minimum disturbance to local vegetation. It is anticipated that no water line will be longer than 500m.

Final survey coordinates in both UTM Nad27 and Nad83 will be forwarded to the Department of Natural Resources upon completion of drilling and will include final depth, azimuth, inclination and down-hole survey measurements for each drill hole. In addition, photos of site conditions before and after drilling will be collected at each drill location. Upon leaving each drill site care will be exercised to ensure that all drill equipment, supplies and other materials are removed and the area returned to its natural state as quickly as possible.

(b) Basic geological prospecting, including collection of soil, rock and till samples for geochemical analyses will be carried out over the limits of the exploration claims and mining lease (Figure 2) with particular attention given to the eleven detailed areas. Total number of soil, rock and till samples to be collected is projected to be 100, 800 and 10 respectively.

Collection of these sample will occur throughout the duration of the project, with the exception of the till samples that will be collected as early as possible in the program to determine the transport direction for gold resulting from glaciation. All activities are expected to conclude by the end of the calendar year, pending timely approvals.

Potential sources of pollutants include exhaust from diesel and gas engines (drill {Figures 27 to 31}, drill supply carrier, Morooka {Figure 32}, excavator {Figures 36, 37} and track mounted quads {Figure 33 to 35}). However, it is Mountain Lakes' policy to ensure that all contract and company equipment is clean and well maintained, and that a fully-stocked oil spill kit is on-hand at all times during drill operations and trail rehabilitation.

Diesel fuel and gas will be stored in the proposed fuel cache (Figure 24) and only small amounts will be transported to the drill sites, camp and generator as required. This fuel cache

(100drums) is being constructed so as to minimize the number of associated helicopter refuelling events that would have to occur, which could have a tendency to unnecessarily frighten local wildlife. Containment for the diesel fuel drums used in camp heating will include an approved, impervious fabric and a fully-stocked spill kit will be maintained at the Camp site. Daily monitoring of the fuel cache and other fuel drums will be routine.

(v) Occupations:

There will be a maximum of ten (10) Mountain Lake Resources employees on site at any given time during all aspects of the exploration program. These include:

- (2271) 1 helicopter/light aircraft pilot (drop-off/pick-up field crews; will not remain on site)
- (7246) 1 communications person (to set up a data link communications system via satellite)
- (7372) 4 drill crew rotating on 12hour shifts (3-4 months)
- (7271) 2 carpenters (estimated three weeks of camp construction)
- (6242) 1 cook (duration of project)
- (7241) 1 electrician (estimated 2-3 days during construction)
- (2212) 2 prospectors/geo-technicians/vehicle operator (duration of project)
- (2121) 1 biologist (as required through duration of project)
- (2154) 1 land surveyor (1-2 weeks)
- (2113) 2-3 geologists (duration of project)

With the exception of geological staff, all associated project personnel will either be contract employees to, consultants to, or temporary employees of, Mountain Lake Resources.

(vi) Project-Related Reference Documents:

Currently, no new project-related exploration documentations have been generated Mountain Lake Resources pertaining to either the mineral resources or environmental work. However, a short bibliography of

selected publications relevant to the Glover Island Gold Project is included herein for reference purposes (Figure 38).

- **Dominy, S.C., 2006;** Review of Gold Potential, Glover Island, Canada; Snowden Mining Industry Consultants Ltd., Report 060515_5222, May 15th, 2006, 15p.
- **Hearn, B.J.; Harrison, D.J.; Fuller, A.K.; Lundrigan, C.; Curran, W.J., 2010;** Paradigm shifts in habitat ecology of threatened Newfoundland martens. 2010; Journal of Wildlife Management 74: 719-728.
- **McCarthy, J., 2008;** Issues Scoping for Proposed Glover Island Mining Development, Final Report, AMEC Earth & Environmental, Report No. TF8166301, November, 2008, 46p.
- **The Newfoundland Marten Recovery Team; 2010;** Recovery plan for the threatened Newfoundland population of American marten (*Martes americana atrata*); Wildlife Division, Department of Environment and Conservation, Government of Newfoundland and Labrador, Corner Brook, Canada. iii + 31 pp.
- **Wilson, C., Worsley, M., Atkinson, B., Seers, D. and Jackson, M., 2008;** Independent Technical Report of the Glover Island Gold Deposits, Newfoundland, Canada; prepared under the guidelines for National Instrument 43-101 and accompanying documents 43-101.F1 and 43-101CP, prepared for Crew Gold Corporation, Exploration Alliance Ltd., December, 2008, 107p.
- **Wilton, D.H.C., 2005;** Geological Report, Glover Island Property, Newfoundland, NTS: 12A/12 and 12A/13, UTM:447500E – 5401500N (NE corner) and 437000E – 5392000N (SW corner), Assignment No.: 2005-01, prepared for New Island Resources Inc., 52p.

APPROVAL OF THE UNDERTAKING:

(i) Permits, Licenses, Approvals and Other Forms of Authorization

- *Exploration Approval:*

Department of Natural Resources

- *Operating Permit:*
Department of Forestry
- *Cutting Permit:*
Department of Forestry
- *Fording Permit(s):*
Department of Environment and Conservation – Water Resources Div.
- *Work within 15 metres of Waterbodies Permit*
Department of Environment and Conservation – Water Resources Div.
- *Temporary Water Withdrawal Permit*
Department of Natural Resources

(ii) All permits, Licenses and Approvals

All permits, licenses and approvals have been submitted to the respective departments and are currently pending approval.

SCHEDULE:

The exploration project will commence as soon as approval is received. Priority will be given to construction of the camp and fuel cache, in addition to commencement of diamond drilling. Start of the project will not affect the denning period of the pine marten, which occurs between May and June. Currently, the earliest date for start-up would be early to mid-July. Any start date later than this would greatly decrease the chances of finishing the program prior to the possible onset of weather deterioration in this region after mid-October (notably helicopter/fixed wing aircraft transport/access).

FUNDING:

- (i) This program is being funded by Mountain Lake Resources Inc.
- (ii) The estimated cost of the 2011 program is \$1.5M.

SIGNATURES:

May 26, 2011

Date



Signature: Gary Woods
President & CEO, Mountain Lake Resources Inc.

Submitted to:

Minister of Environment and Conservation

P. O Box 8700

St. John's NF A1B 4J6

Attention: Director of Environmental Assessment