



NEW ISLAND
resources inc.

Mountain Lake Resources Inc.
Suite 1700 - 1959 Upper Water St.
Halifax, NS
Canada B3J 3N2
Tel.: (604) 839-6946

New Island Resources Inc.
Suite 602 - 140 Water St.
St. John's, NL
Canada A1C 6H6
Tel.: (709) 576-7711

News Release

Mountain Lake and New Island Sign Binding Definitive Agreement

*Combined Company will have a strong portfolio of gold projects on the island of
Newfoundland ranging from early stage exploration to production*

July 23, 2010 – Mountain Lake Resources Inc. (TSX-V: MOA) (“Mountain Lake”) of Halifax, NS and **New Island Resources Inc. (TSX-V: NIS) (“New Island”)** of St. John’s, NL are pleased to report that, in accordance with the terms of a Letter of Intent dated May 27, 2010 and further to the news release of [June 3, 2010](#), both companies have completed a due diligence review of the assets, liabilities and operations of the other, as currently available. Based upon these investigations, financial advice provided by Salman Partners, and through arm’s length negotiations, Mountain Lake and New Island have agreed to proceed with the proposed business combination by way of a corporate arrangement pursuant to the provisions of the *Business Corporations Act* (Alberta) (the “Arrangement”). The Arrangement will effectively combine the assets and liabilities of both issuers on a consolidated basis, with New Island becoming a wholly-owned subsidiary operated by Mountain Lake.

By the terms of a definitive agreement between Mountain Lake and New Island dated July 22, 2010, it is proposed that all of the shareholders of New Island will exchange their issued common shares of New Island for new common shares of Mountain Lake, on the basis of One (1) new share of Mountain Lake for every Four point Two Five (4.25) shares of New Island. All convertible securities of New Island will be exchanged for convertible securities of Mountain Lake on the same basis, adjusted accordingly to reflect the final agreed share exchange ratio. The completion of the Arrangement is subject to standard conditions precedent applicable to statutory plans of arrangement, including standard commercial conditions precedent, approval of the common shareholders of New Island, and court approval. The transaction is scheduled to close in the fourth quarter of 2010.

Collectively, Mountain Lake and New Island feel the combining of regional gold assets is a very sound strategy at this time and the proposed share exchange ratio respects the interests of both

companies' shareholders. It is further believed that the real value of the company's combined assets will be unlocked in the years ahead through organic growth as cash flow from production at the Pine Cove gold mine is deployed to explore and develop its other projects on the island of Newfoundland.

It is now anticipated that a special general meeting of the shareholders of New Island to approve the Arrangement will be held in September 2010. New Island shareholders will receive an information circular setting out further details of the proposed transaction, and this Information Circular will also be filed and made available on SEDAR (www.sedar.com) under New Island's public profile.

Interested parties are referred to Mountain Lake's earlier news release dated [June 3, 2010](#) for further discussion of the proposed acquisition of New Island, and details about the properties and business activities of each company.

About New Island Resources Inc.

New Island Resources Inc. (TSX-V:NIS) (New Island) is a diversified junior exploration company holding gold and base metal properties in the province of Newfoundland and Labrador. Its main projects include: a 70% interest in the Pine Cove gold property, which is on option to Anaconda Mining Inc. (Anaconda) whereby Anaconda can earn a 60% interest and operator status by bringing the property into commercial production, where production is expected to commence in June 2010; a 100% interest in the large Glover Island property having significant gold showings covered by a mining lease; and a 17% shareholding in Prominex Resources Inc. which holds the advanced Tulks Hill base metal deposit south of Buchans. For more information visit: www.newislandresources.com

About Mountain Lake Resources Inc.

Mountain Lake Resources Inc. (TSX-V: MOA) is a diversified junior exploration company, whose corporate strategy is to build shareholder value through the exploration and development of economically viable mineral properties. Mountain Lake's current projects include: a 30% interest in the Valentine Lake gold property (Newfoundland) with an option to acquire the remaining 70% interest from Richmond Mines Inc. (and a subsequent sub-option and joint venture agreement whereby Marathon PGM Corp. can earn a 50% in the property; a 100% interest in the Bobby's Pond base metals property (Newfoundland); an option to earn a 100% interest in the Little River gold exploration property (Newfoundland); and a 2,350,000 share (~6.4%) stake in Etruscan Diamonds Ltd., an alluvial diamond project (South Africa). For more information visit: www.mountain-lake.com

For corporate, media, or investor inquiries on Mountain Lake, please contact:

Greg Lytle,
Lytle & Associates
Corporate Communications
North America toll-free: (866) 285-5817
Int'l. & Vancouver: (604) 839-6946
Email: info@mountain-lake.com

For corporate, media, or investor inquiries on New Island, please contact:

Harold Wareham,
President
New Island Resources Inc
Telephone: (709) 576-7711
Email: info@newislandresources.com

ON BEHALF OF THE BOARD OF
DIRECTORS OF MOUNTAIN LAKE
RESOURCES INC.

s/“Gary Woods”
President & CEO

ON BEHALF OF THE BOARD OF
DIRECTORS OF NEW ISLAND
RESOURCES INC.

s/“Harold Wareham”
President & CEO

NEITHER THE TSX VENTURE EXCHANGE, NOR ITS REGULATION SERVICES PROVIDER (AS THAT
TERM IS DEFINED UNDER THE POLICIES OF THE EXCHANGE) ACCEPTS RESPONSIBILITY
FOR THE ADEQUACY OR ACCURACY OF THIS NEWS RELEASE.