

IN THE MATTER OF
THE *SECURITIES ACT*, R.S.N.S. 1989, C. 418, AS AMENDED ("Act")

- and -

IN THE MATTER OF
ALLEN E. SHEITO AND GARY A. WOODS
(collectively the "Respondents")

**STATEMENT OF ALLEGATIONS OF THE DIRECTOR OF ENFORCEMENT
FOR THE NOVA SCOTIA SECURITIES COMMISSION**

The Director of Enforcement for the Nova Scotia Securities Commission ("Commission") makes the following allegations:

Background:

1. At all material times, the Respondents were residents of Nova Scotia.
2. At all material times, the Respondent, Allen E. Sheito ("Sheito"), was the Chairman and a Director of Mountain Lake Resources Inc. ("MOA").
3. At all material times, the Respondent, Gary A. Woods ("Woods"), was the President and Chief Executive Officer of MOA.
4. At all material times, MOA was an extra-provincial corporation in Nova Scotia with registered office located at 40 Port Landing Avenue, Port Williams, Nova Scotia.
5. At all material times, the shares of MOA were traded publicly on the TSX Venture Exchange.

Conduct of Allen E. Sheito:

6. During the period December 4, 2008 to January 21, 2009, Sheito, without any bona fide investment intent, and for the purpose of supporting the publicly reported price of MOA shares or keeping the publicly reported price of MOA shares from falling due to selling pressure,:
 - a) entered, or caused to be entered, bids for MOA shares that were immediately tradeable upon entry at prices in excess of the previously executed trade price, causing an uptick in the price of MOA shares;
 - b) entered, or caused to be entered, bids for MOA shares at prices designed to rank behind existing bids for execution priority;
 - c) entered, or caused to be entered, bids for MOA shares at prices equal to the market bid, but entered, or caused to be entered, at times designed to rank behind existing bids for execution priority;

- d) entered, or caused to be entered, bids for MOA shares at the same price and volume within the same day or over consecutive trading days or within short periods of time, designed to rank behind existing bids for execution priority; and
- e) cancelled, or caused to be cancelled, or permitted to expire, bids for MOA shares without receiving a fill.

Conduct of Gary A. Woods:

- 7. On January 20, 2009, Woods, without any bona fide investment intent, and for the purpose of supporting the publicly reported price of MOA shares or keeping the publicly reported price of MOA shares from falling due to selling pressure, entered, or caused to be entered, a bid for MOA shares at a price below the previous purchase price for MOA shares which resulted in a passive fill.

Other:

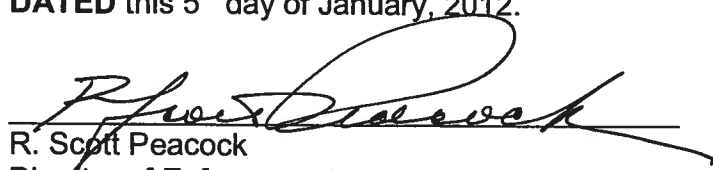
- 8. Such additional allegations as the Director of Enforcement may submit and the Commission may permit.

Violations:

The Director of Enforcement for the Commission identifies the following reasons why the order being sought should be granted:

- 9. As a result of making bids for shares of MOA, without any bona fide investment intent, and for the purpose of supporting the publicly reported price of MOA shares or keeping the publicly reported price for MOA shares from falling due to selling pressure, the Respondents engaged in a course of conduct relating to MOA shares, that they knew, or ought to have known, would result in, or contribute to a misleading appearance of trading activity in MOA shares, thereby violating section 132A(a) of the Act and Part 3.1(a) of *National Instrument 23-101*.
- 10. The Respondents' conduct was contrary to the public interest and detrimental to the integrity and efficiency of the capital markets.

DATED this 5th day of January, 2012.


R. Scott Peacock
Director of Enforcement
Nova Scotia Securities Commission,
Enforcement Branch