

Securities Commission

May 8, 2013

Mountain Lake Executives Did Not Violate Nova Scotia Securities Laws

Halifax- The Nova Scotia Securities Commission has found that Allen Sheito and Gary Woods, in making certain bids for shares of Mountain Lake Resources Inc., did not violate Nova Scotia securities laws and that their conduct was not contrary to the public interest nor detrimental to the integrity and efficiency of the capital markets.

The commission examined 22 bids made by Mr. Sheito and Mr. Woods between Dec. 4, 2008, and Jan. 21, 2009. The issue before the commission was whether Mr. Sheito and Mr. Woods made the bids without any bona fide investment intent, for the purpose of supporting the publicly reported price of Mountain Lake shares or keeping the publicly reported price for Mountain Lake shares from falling due to selling pressure and engaged in a course of conduct relating to Mountain Lake shares that they knew, or should have known, would result in, or contribute to a misleading appearance of, trading activity in Mountain Lake shares.

The commission considered evidence from Mr. Sheito, Mr. Woods and two experts. It accepted the evidence of Dean E. Holley, who appeared on behalf of Mr. Sheito and Mr. Woods, and concluded that, "...it is not in breach of fair trading practices for directors of junior listed companies to make support bids for their company shares if done within certain bounds and limitations. Those limitations include that such bids are near current market prices, are not cancelled at the first sign that they might be filled, are not designed to mislead investors about the state of the market, do not result in fictitious trading volume, (e.g., trades that do not involve a change of beneficial ownership) and do not establish prices that are inconsistent with market conditions at the time. Such support bids would have to be viewed within the context of the market at the time to determine if such activity is otherwise misleading or deceptive or if prices become artificial."

The Nova Scotia Securities Commission is the provincial government agency responsible for regulating trading in securities in the province. To view the decision visit the Enforcement Section under the What's New page at www.gov.ns.ca/nssc/whatsnew.asp.

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