



**Mountain Lake Resources Inc.**

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## News Release

# Etruscan Diamonds Reports a 24% Increase in the Indicated Resource at the Blue Gum Project

*Diamond value per carat increased 30% from US\$466 to US\$606*

*Mountain Lake owns 16.07% (5,350,000 shares) of Etruscan Diamonds*

Halifax, Nova Scotia, September 11, 2008 – Mountain Lake Resources Inc. (TSX-V: MOA) (“Mountain Lake” or the “Company”) is pleased to announce that Etruscan Diamonds Ltd. (“Etruscan Diamonds”) has received a National Instrument 43-101 compliant independent resource update on its Blue Gum Diamond Project in South Africa, which substantially increases both the indicated resource on the project and the in situ value of the resource. The independent resource update, prepared by Dr. Tania Marshall of Explorations Unlimited as of June 30, 2008, estimates that the Blue Gum Diamond Project contains 25.5 million cubic meters of indicated diamond resource which represents almost a 24% increase in the indicated resource from the previous resource estimate (December 2007). The value of the in situ resource has also increased substantially with the steady increase in the market value of rough diamonds realized over the past year. The value per carat has increased 30% from US\$466 per carat used in the previous resource estimate to US\$606 per carat used in the current resource estimate. Details of the updated resource estimate are set out below:

	<b>Indicated Resources (Million m<sup>3</sup>)</b>	<b>Inferred Resources (Million m<sup>3</sup>)</b>	<b>Grade (ct/100m<sup>3</sup>)</b>	<b>Value (USD/ct)</b>
Upper Gravel Package	16.109	8.613	1.77	606
Lower Gravel Package	11.801	6.744	2.85	606
Depleted by mining	(2.365)	(.023)		
<b>TOTAL</b>	<b>25.545</b>	<b>15.334</b>		<b>606</b>

A 43-101 compliant report on the Blue Gum Resource titled *Technical Report on the Blue Gum Alluvial Diamond Project (Nooitgedacht 131, Hartbeestlaagte 146 and Zwartrand 145 properties), Ventersdorp District, Republic of South Africa*, effective date June 30, 2008 prepared by Dr. Tania Marshall of Explorations Unlimited will be filed on SEDAR today.

Kevin MacNeill, President of Etruscan Diamonds stated:

*“The jump in the average value from US\$466 per carat to US\$606 per carat has a significant positive impact on the project economics. This increase is based on actual sales data and reflects the increase in the selling prices of diamonds from Blue Gum over the first half of this year. We expect this upward trend to continue as international diamond prices increase.”*

#### Blue Gum Operations Update

During the first quarter of 2008, Etruscan Diamonds recommenced mining and processing operations at the Tirisano Diamond Mine located on the Blue Gum property. The gravel from the mine is being processed at the pre-existing Tirisano DMS (dense media separation) plant, which Etruscan Diamonds regained control of late in 2007, and through four 16 foot pan plants which have recently been installed near the DMS plant. The objective is to achieve a monthly throughput of 100,000 cubic meters of gravel per month from the two facilities with 40,000 cubic meters coming from the DMS plant and 60,000 cubic meters from the pan plant.

Start up problems during the commissioning of the pan plants at the Tirisano Diamond Mine for the three month period ending August 31, 2008 resulted in lower than expected production of 149,000 cubic meters yielding 4,099 carats for an overall grade of 2.75 carats per hundred cubic meters and a rough tender average value of US\$589 per carat. These problems are being addressed and Etruscan Diamonds' management is confident that minor equipment modifications and new production protocols are having a positive effect on the most recent production figures.

The ramp up at the Tirisano DMS plant and the new pan plants is continuing towards the forecast production rate of 100,000 cubic meters per month. To ensure uninterrupted power supply for operations, Etruscan Diamonds purchased a 2.2 megawatt generator to provide backup power availability for the entire mine site when grid power is unavailable. Installation of a commercial scale pre-screening unit has also been completed which increases the pre-screening capacity from 1,000 cubic meters per day to 10,000 cubic meters per day. This installation is critical to ensuring ramp up of the pan plants to the steady state production rate of 60,000 cubic meters per month. The forecast production rate of 100,000 cubic meters per month is anticipated to recover over 2,500 carats per month.

#### Blue Gum Resource and Expansion

Etruscan Diamonds is presently completing a pre-feasibility study on the viability of expanding the operations on the Blue Gum Diamond Project from the forecast production rate of 100,000 cubic meters per month to a monthly rate of 260,000 cubic meters. The pre-feasibility study is being led by MDM Engineering of South Africa and is expected to be completed by the end of September.

On successful completion of the pre-feasibility study, Etruscan Diamonds intends to undertake an initial public offering together with a stock exchange listing in order to finance the expansion. Originally, it had been planned that the IPO would be completed in the spring of 2008, however, in light of market conditions this was delayed until later this fall assuming more favourable

market conditions. The decision to delay the financing has allowed Etruscan Diamonds to include the results of the more recent drilling and updated resource calculation in the pre-feasibility study. In order to allow Etruscan Diamonds to continue to proceed with orderly development of the Blue Gum Diamond Project, it recently completed a rights offering to its existing shareholders raising approximately \$2 million. Mountain Lake participated in the rights offering investing \$200,000.

The Blue Gum Diamond Project is operated through Blue Gum Diamonds (Pty) Limited, which is owned 74% by Etruscan Diamonds and 26% by Mogopa Blue Gum (Pty) Limited (“Mogopa”). Mogopa is Etruscan Diamond’s Black Economic Empowerment partner for the project as required by South African mineral legislation. The Mogopa community consists of about 350 families located near the Blue Gum Diamond Project. Etruscan Diamonds and the Mogopa community have shared a long positive working relationship.

Robert Harris P. Eng and Vice President of Operations of Etruscan Resources Inc. is the Qualified Person overseeing the Etruscan Diamonds projects in South Africa, and has reviewed and approved this press release

#### **About Mountain Lake Resources Inc.**

Mountain Lake Resources Inc. (TSX-V: MOA) is a diversified junior mining and exploration company whose corporate strategy is to build shareholder value through the exploration and development of economically viable mineral properties. Current projects include: a 100% interest in the Bobby’s Pond base metals project (Newfoundland) as well as an option to acquire initially a 51% interest in the surrounding claims from Cornerstone Resources; a 30% interest in the Valentine Lake gold project (Newfoundland), a joint venture with Richmond Mines Inc.; a 16.07% stake in Etruscan Diamonds Limited, a producing diamond miner (South Africa); and options to acquire a 100% interest in the Falls Grid (New Brunswick) and Little River (Newfoundland) gold exploration properties. *For more information visit: [www.mountain-lake.com](http://www.mountain-lake.com)*

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ON BEHALF OF THE BOARD OF DIRECTORS

*s/“Gary Woods”*

President & CEO

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