



**Step Out Drilling Deepens High Grade Gold on the Angel Hill Zone
Drilling on McLennan Zone Returns High Gold Values**

January 12, 2005: Sudbury, Ontario - Houston Lake Mining Inc. (TSX.V: **HLM**, the "Company") is pleased to announce results from a 7 hole, 701m (2300ft.) drill program. The Phase 2 program was completed just before the Christmas Holidays and was designed to test the Angel Hill Gold Zone at depth on the Company's 100% owned, 635.6 hectare (1569.8 acre) West Cedartree Gold Project. The project is located near Sioux Narrows, Ontario, Canada.

A total of 212 samples were analyzed by standard fire assay analysis at ALS Chemex Laboratories of North Vancouver, B. C. The assay results varied from trace to 31.50 g/t Au (0.919 oz/t gold). Five of the seven NQ-2 sized drill holes returned significant results (>2 g/t Au). Drill hole 25 returned the best intercept of 5.895 g/t Au over 4.65m (0.172 oz/t over 15.25ft.) from the Angel Hill Gold Zone. Drill hole 27 is the first bore hole targeted by Houston Lake on the historic McLennan Gold Zone. This hole intersected 5.05m grading 5.736 g/t Au (16.56ft. of 0.167 oz/t gold).

Table 1. Drill Hole Results for Holes 21 to 27 on the West Cedartree Gold Project

<u>Hole No.</u>	<u>Drill Hole Location</u>	<u>From</u>	<u>To</u>	<u>Intercept (m.)</u>	<u>Gold (g/t Au)</u>	<u>Intercept (ft.)</u>	<u>Gold (oz/t Au)</u>
21	60m (197ft) N	71.72m	72.10m	0.38m	0.165	1.25ft.	0.005
22	40m (131ft) N	77.46m	78.15m	0.69m	2.130	2.26ft.	0.062
23	20m (66ft) N	64.47m	65.32m	0.85m	2.590	2.79ft.	0.076
24	0m (0ft) N	77.55m	77.70m	0.15m	2.820	0.49ft.	0.082
	Also	90.30m	90.85m	0.55m	2.780	1.80ft.	0.081
25	20m (66ft) S	74.50m	79.15m	4.65m	5.895	15.25ft.	0.172
	Incl.	74.50m	76.35m	1.85m	11.975	6.07ft.	0.349
	Incl.	75.10m	75.65m	0.55m	23.300	1.80ft.	0.680
26	40m (131ft) S	75.60m	76.30m	0.70m	1.480	2.30ft.	0.043
27	McLennan Zone	23.95m	29.00m	5.05m	5.736	16.56ft.	0.167
	Incl.	24.45m	26.82m	2.37m	10.433	7.77ft.	0.304
	Incl.	26.00m	26.50m	0.50m	31.500	1.64ft.	0.919

Angel Hill Gold Zone ("AHGZ")

The AHGZ is a package of altered rocks that occurs within a large gabbro sill. The zone occurs at the contact of ultramafic rocks forming the footwall with the gabbroic rocks of the hanging wall. Higher gold values (up to 115.5 g/t or 3.369 oz/t Au) are associated with discontinuous quartz lenses and pods which tend to be more prolific in wider portions of the zone. The AHGZ can be traced by geophysics for a distance of 2.1km (1.5miles) on the property to encompass gold-in-soil anomalies and a gold occurrence along its strike extension.

Last year, Houston Lake conducted stripping and washing, systematic channel sampling, and detailed mapping over a 130m (426 ft.) segment of the AHGZ. The AHGZ was directly tested by

77 systematic channel samples which ranged from trace to 71.30 g/t Au (2.080 oz/t) and had a weighted average of 4.04 g/t Au (0.118 oz/t). This Fall, ten additional selective channel samples of newly identified quartz lenses returned a weighted average of 32.23 g/t Au (0.940 oz/t) in the southern portions of the stripped area.

Table 2. Parameters of the Fall, 2004 Drill Program, West Cedartree Gold Project

<u>Hole No.</u>	<u>Drill Hole Location</u>	<u>Azimuth</u>	<u>Dip</u>	<u>Length (m.)</u>	<u>Length (ft.)</u>	<u>Width of AHGZ Alteration Zone</u>	
21	60m (197ft) N	Grid West	-45°	89.31m	292.94	25.98m	85.21ft.
22	40m (131ft) N	Grid West	-45°	101.19m	331.90	22.92m	75.18ft.
23	20m (66ft) N	Grid West	-45°	99.06m	324.92	21.35m	70.03ft.
24	0m (0ft) N	Grid West	-60°	104.55m	342.92	22.18m	72.75ft.
25	20m (66ft) S	Grid West	-45°	101.50m	332.92	19.50m	63.96ft.
26	40m (131ft) S	Grid West	-45°	98.25m	322.26	19.55m	64.12ft.
27	McLennan Zone	Grid West	-45°	107.59m	352.90	n/a	n/a

A total of 1733m (5684 ft.) of diamond drilling in 26 holes has been completed to date on the AHGZ. The gold zone has been tested every 20m (66 ft.) along a strike length of 120m (394ft.) at depths of 10, 25, 40 and 60m (33, 82, 131 and 197ft.). All bore holes were drilled in a westward direction to intersect the AHGZ perpendicular to geologic strike. The gold zone appears to dip to the east at approximately 70 degrees. Sixteen of the 24 holes drilled under the 130m (426ft.) stripped area have now returned significant gold values (>2 g/t Au) and 5 of these holes intersected grades higher than 1 oz/t gold. The AHGZ remains open to depth and along strike to the south.

McLennan Gold Zone (“MGZ”)

The MGZ is located several hundred metres west of and is oriented subparallel to the AHGZ. The gold zone occurs in mafic volcanics near the northerly-striking contact with a large gabbro sill. MGZ appears to be different in character from the AHGZ. The zone is 3 to 4.5m (9.8 to 14.8 ft.) wide, is highly silicified and carbonatized, and carries 5-10% disseminated sulphides. The MGZ is traced by geophysics for a distance of 2.6km (1.6miles) on the property.

The MGZ is marked by a series of overgrown pits, trenches and drill collars which were completed in the 1940’s. Assessment files indicate that additional work was carried out in the early 1980’s. “Drilling carried out by Noranda Mines in 1944-45 encountered significant gold-bearing intersections over a strike length of 280m. (918 ft.). Typical intersections along the shear zone and off shoot shears are: 0.20 oz/t Au over 1.2 ft., 0.53 oz/t Au over 18.0 ft., 0.25 oz/t Au over 3.0 ft., 0.55 oz/t Au over 1.5 ft., 1.35 oz/t Au over 3.5 ft.” (Dr. K. Germundsen, P. Geo., Internal Company Report, 2002).

The seventh drill hole of the Phase 2 drill program targeted and successfully intersected the MGZ at an approximate depth of 20m. (66ft.) in the vicinity of trenches 2 and 3. A highly carbonatized and silicified red to pink coloured breccia with disseminated sulphides was encountered over a core length of 2.37m (7.77 ft.). This capped by a 2.18m (7.16 ft.) sulphide (pyrite-chalcopyrite) stringer zone. The combined zone assayed 6.132 g/t Au over a core length of 4.55m (0.179 oz/t gold over 14.92ft.).

A comprehensive report of the current and all prior programs is currently being compiled. The report will include recommendations for future work on the project. Independent Consulting Geologist Dean R. Cutting, P. Geo. is the Qualified Person for the project and has reviewed this press release.

Houston Lake Mining Inc. President and CEO, E. Grayme Anthony stated: "We continue to be gratified by the results at West Cedartree. The Phase 2 drill program at Angel Hill has successfully extended the high grade gold mineralization to one and a half times the previous known depth. As the gold mineralization does not form a continuous target, intersecting the gold-bearing quartz lenses and pods on a 20m (66 foot) drill spacing remains a difficult task. Far more indicative of the overall potential of the gold zone is the intensity and width of the alteration package that hosts the gold mineralization. We are reassured by the fact that the alteration package enveloping the gold mineralization has increased in width with depth. The most pleasant surprise of the drill program is the positive results from our first hole at the McLennan Gold Zone. Now, with two promising gold trends emerging, it appears we have much work to do on the West Cedartree Gold Project."

About Houston Lake Mining Inc.

Houston Lake Mining Inc. is an exploration company listed on The TSX Venture Exchange under the symbol HLM. We are focused on the exploration and development of opportunities in the strategic and high technology metals sector which have excellent supply/demand fundamentals. Houston Lake is actively exploring for Gold, Platinum Group Metals and Rare Metals with a strategic focus on northwestern Ontario. The Company has a total of 18,323,198 common shares issued and outstanding. For further information, we invite you to visit us at www.houstonlakemining.com

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