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Office of the

Mayor

December 2, 2014

Al Shefsky, President Pele Mountain Resources Inc. 2200 Yonge Street, Suite 905 Toronto ON, M4S 2C6

Dear Mr. Shefsky,

The Council of the City of Elliot Lake has authorized this letter in response to your request for an expression of support for the development of Pele Mountain Resources' monazite recycling operation in Elliot Lake. The Council understands that you intend to share this letter with other levels of government and certain monazite suppliers, technical partners and end users of rare earths, some of whom may become investors in the development of a critical rare earth supply chain in Elliot Lake.

As we have repeatedly stated on the record, the City of Elliot Lake promotes and encourages economic development including the responsible development of mining and processing operations that can deliver sustainable, long-term benefits to our community. Of course, we expect and require that all such development be performed in an environmentally responsible manner, in full compliance with all applicable regulations. We note that critical rare earths are essential for a vibrant global green energy sector.

Elliot Lake has a proud heritage as a center of uranium and rare earth mining and processing. In fact, our City was originally built to support these mines. Although local mining ceased in 1996 as the price for uranium declined, our community has persevered. Importantly, our regional infrastructure remains in place, shortening timelines to production.

Your team at Pele Mountain has conducted itself as exemplary corporate citizens since commencing its Elliot Lake activities in 2005. Respected members of our community who once worked in the local mining industry now work with Pele Mountain, including Pele's Executive Vice President, Roger Payne, who was General Manager for Rio Algom and spent two decades here in Elliot Lake. The involvement of these talented and experienced professionals promotes our confidence that your project will be advanced according to the highest industry standards.

The Council of the City of Elliot Lake hereby express our support for the development of Pele Mountain's monazite processing operation together with downstream value added processing in Elliot Lake.

Sincerely,

Dan Marchisella Mayor