

The City of Elliot Lake Expresses Public Support for Development of Pele Mountain's Eco Ridge Mine Project

Trading Symbol: TSX Venture : **GEM**
OTCQX : **GOLDF**
Shares Outstanding: 148,951,246

FOR IMMEDIATE RELEASE

September 05, 2012 - Toronto - Pele Mountain Resources Inc. (TSX Venture: **GEM**; OTCQX: **GOLDF**) ("**Pele**" or the "**Company**") today reported the receipt of a letter of support from the Council of the City of Elliot Lake, Ontario, for the development of Pele's Eco Ridge Mine Rare Earths and Uranium Project.

The letter, which was unanimously approved by City Council and signed by Mayor Rick Hamilton, states that, "As we have repeatedly stated on-record, the City of Elliot Lake promotes and encourages economic development including the responsible development of mining operations that can deliver sustainable, long-term benefits to our community." The letter also states, "The involvement of these talented and experienced mining professionals (Pele's Executive V-P Roger Payne and consulting engineers with long-term ties to Elliot Lake) promotes our confidence that your project will be advanced according to the highest industry standards". The letter concludes, "We hereby express our support for the development of the Eco Ridge Mine Rare Earths and Uranium Project."

The full text of the letter can be viewed at <http://www.pelemountain.com/community.php>

Pele President and CEO Al Shefsky commented: "We are honoured to receive this public statement of strong support from Mayor Rick Hamilton and the City Council. We are committed to the pursuit of responsible development at Eco Ridge, which we firmly believe will deliver long-term sustainable benefits to Elliot Lake and nearby communities. Our Eco Ridge Mine project has established Elliot Lake, Ontario as a clear leader in the ongoing race to develop new sources of critical rare earths outside of China."

Eco Ridge has competitive advantages that may enable its development ahead of other rare earth projects, including:

- It is located in Elliot Lake, a proven mining camp with outstanding regional infrastructure including roads, railway, power, natural gas, airport and deepwater ports. Elliot Lake has produced more than 300 million pounds of U₃O₈ and is the only Canadian mining camp to have achieved commercial REO production.
- Pele has a world-class development team, led by Roger Payne, P. Eng., former general manager for Rio Algom, and includes Roscoe Postle Associates, SNC-Lavalin Inc., SENES Consultants Ltd., and Golder Associates Ltd., which have extensive experience with licensing, operating, and decommissioning mines in Elliot Lake.

- The Company and its consultants are updating the Project Description in preparation for the mine licensing process. Eco Ridge has no known environmental liabilities and enjoys enthusiastic local support.
- Eco Ridge is one of very few North American rare earth projects with a positive NI 43-101-compliant Preliminary Economic Assessment. (Please see Pele's press release dated July 4, 2012.)
- Two-thirds of projected project revenue is from rare earth oxides (REO); nearly 80 percent of REO revenue is from heavy REO plus Nd₂O₃ (neodymium oxide) with significant diversification from U₃O₈.
- The project has well-understood rare earth mineralogy and metallurgy, allowing for excellent recovery with conventional processing methods.

About Pele

Pele Mountain Resources, a leader in Canadian rare earth development, is focused on the sustainable development of its 100-percent owned Eco Ridge Mine Rare Earths and Uranium Project. Eco Ridge is located in Elliot Lake, the only Canadian mining camp to have ever achieved commercial rare earth production. At one time, Elliot Lake supplied 35-percent of the world's yttrium. With well-understood geology, mineralogy, and metallurgy, excellent regional infrastructure, and strong local support, Eco Ridge is an ideal location for a safe, secure, and reliable long-term supply of rare earths and U₃O₈. Pele has also entered into an agreement to purchase the Simon Rare Earth Claims in Mountain Pass, California. Pele's shares are listed on the TSX Venture Exchange under the symbol "GEM" and on the OTCQX under the symbol "GOLDF".

For further information please contact Al Shefsky, President, at (800) 315-7353, or visit the Pele website at www.pelemountain.com.

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