



Pele Mountain Closes Acquisition of Simon Rare Earth Claims, 1800 Metres from Molycorp's Mine, Surrounded by Its Mountain Pass Property

Trading Symbol: TSX Venture : **GEM**
OTCQX : **GOLDF**
Shares Outstanding: **153,151,246**

FOR IMMEDIATE RELEASE

September 26, 2012 - Toronto - Pele Mountain Resources Inc. (TSX Venture: **GEM**; OTCQX: **GOLDF**) ("**Pele**" or the "**Company**") today announced that it has acquired a block of contiguous mining claims comprising approximately 186 acres (Pele's "**Mountain Pass Project**") that are surrounded by Molycorp's Mountain Pass rare earth property, along strike and just 1,800 metres southeast of the Mountain Pass Mine. [Click here for a satellite photo of Pele's Mountain Pass Project.](#)

Pele President and CEO Al Shefsky stated, "With this acquisition, we are now strategically positioned in the only two North American mining camps to ever achieve significant commercial rare earth production from hard rock mining: Mountain Pass, California and Elliot Lake, Ontario. Mountain Pass is North America's premier rare earth mining camp and Elliot Lake was once the major source of heavy rare earth and yttrium production in North America. Both locations offer compelling competitive advantages compared to other emerging rare earth development projects, including extensive existing regional infrastructure, favourable mineralogy and metallurgy, and political stability."

The seller of Pele's Mountain Pass Project is a company (the "**Seller**") owned by the family of Peter Simon II, the son of Peter "Pop" Simon, the prospector who originally staked much of the Mountain Pass area more than 60 years ago. For more background on the Simon Rare Earth Claims, please see [Pele's press release dated March 6, 2012.](#)

The terms of the Agreement include the following:

1. Pele has issued 4-million common shares to the Seller, who has agreed to a 12-month contractual hold period, reflecting the Simon family's long term commitment to the advancement of the project.
2. Seller has retained a 2-percent production royalty (the "**Production Royalty**") on all minerals mined on the property, subject to the right of Pele to buy back 1-percent of the Production Royalty for U.S. \$2-million, escalated annually by a factor equal to the Producer Price Index.
3. Pele must complete a total of U.S. \$2-million of exploration work on the property within five years beginning with a Phase 1 Exploration Program to be completed within two years of closing of the

acquisition. The Phase 1 Exploration Program includes: compilation of historic data, geological mapping, radiometric survey, sampling of pits and trenches, surface sampling, petrological analysis, mineralogical analysis and drill program planning.

4. If Pele sells the Simon Rare Earth Claims to an arm's length third party, the Seller will receive 10-percent of the proceeds from the sale and a minimum royalty (the "Minimum Royalty") of U.S. \$12,000 per year will become payable to the Seller, increasing by U.S. \$12,000 per year until it reaches a maximum of U.S. \$120,000 per year. The Minimum Royalty shall not apply in the case of an earn-in agreement with a third party while work on the property is advancing.
5. Seller has been granted a security interest in the Simon Rare Earth Claims to secure performance of certain terms in the Agreement.
6. Pele has issued a total of 200,000 common shares to two arm's length individuals as a fee for services related to the introduction of Pele to the Seller.
7. The Purchaser of the claims is Mountain Pass Resources Inc., a Nevada corporation and a wholly owned subsidiary of Pele.

The closing of the Acquisition remains subject to TSX Venture Exchange acceptance of requisite regulatory filings.

The geological information in this press release has been reviewed and approved by Edward C. Walker, Ph.D., P. Geo., an independent Qualified Person as defined by NI 43-101.

About Pele

Pele Mountain Resources is exploring and developing rare earth projects in the only two North American mining camps to ever achieve significant commercial rare earth production from hard rock mining: Mountain Pass, California and Elliot Lake, Ontario. Mountain Pass is North America's premier rare earth mining camp and Elliot Lake was once the major source of heavy rare earth, yttrium and uranium production in North America. Both locations offer compelling competitive advantages compared to other emerging rare earth development projects, including extensive existing regional infrastructure, favourable mineralogy and metallurgy, and political stability. 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.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. Some of the statements contained in this release are forward-looking statements, such as estimates and statements that describe Pele's future plans, objectives or goals, including words to the effect that Pele or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements. The economic viability of the 43-101 mineral resource at Pele's Elliot Lake Project has not yet been demonstrated by a preliminary feasibility study.