



Pele Mountain Begins 6,500-Metre Drill Program at Its Eco Ridge Mine Rare Earth and Uranium Project

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

FOR IMMEDIATE RELEASE

October 16, 2012 - Toronto - Pele Mountain Resources Inc. (TSX Venture: **GEM**; OTCQX: **GOLDF**) (“**Pele**” or the “**Company**”) today announced the arrival of two drill rigs and the commencement of a 6,500-metre drill program at its Eco Ridge Mine Rare Earths and Uranium Project at Elliot Lake, Ontario. Pele has completed a positive Preliminary Economic Assessment (“**PEA**”) for Eco Ridge that demonstrates its potential to become a profitable producer of rare earth oxides (“**REO**”) and uranium oxide (“**U₃O₈**”).

The program will include step out drilling to the northwest and west of the existing Resource Wireframe with an objective of adding up to 20-million tonnes of Inferred Resources. The program is targeting areas where historical drilling was wide-spaced with corresponding drill logs indicating that every hole successfully intersected the Main Conglomerate Bed (“**MCB**”). The historical drill core, however, was not assayed for rare earths.

Al Shefsky, President and CEO of Pele stated, “Our goal in adding resources at Eco Ridge is to extend the mine life in order to improve project economics. We have also worked diligently for several months to optimize the processing circuit and we expect to provide updates on our progress in the coming weeks.”

The mineral resources at Eco Ridge have excellent potential for upgrade and expansion, with lower-than-normal exploration risk in the historically drilled areas. The mineralized reefs of Elliot Lake are well known for their vast size and consistency. To-date, infill drilling at Eco Ridge has been 100-percent successful in upgrading Inferred resources to the Indicated category in the MCB. There is also excellent potential to add new resources in areas beyond the Resource Wireframe where the deposit remains open down dip beyond the historically drilled areas.

Mineral resources for the main conglomerate bed at Eco Ridge were estimated by Roscoe Postle Associates (as of April 16, 2012), as summarized in the table below.

Mineral Resource Estimate for the Main Conglomerate Bed at Eco Ridge

Zone & Classification	Tonnes ('000s)	U₃O₈ (%)	U₃O₈ ('000 lbs)	LREO⁶ (ppm)	HREO⁷ (ppm)	TREO (ppm)	TREO ('000 lbs)
Indicated							
MCB	20,514	0.045	20,447	1,426	193	1,618	73,184
Inferred							
MCB	16,906	0.043	15,940	1,279	183	1,463	54,515

Notes:

1. CIM definitions were followed for Mineral Resources.
2. The Qualified Person for this Mineral Resource estimate is Tudorel Ciuculescu, P.Geol.
3. Mineral Resources are estimated at a cut-off value of \$100 per tonne for the MCB. Values were calculated based on prices and recoveries of uranium and rare earths, net of off-site rare earth separation costs.
4. Mineral Resources are estimated using an average long-term uranium price of US\$70 per lb U₃O₈, a rare earth "basket price" of \$78 per kg (net of separation charges), and a C\$:US\$ exchange rate of 1.00:1.00.
5. A minimum mining thickness of 1.8 metres was used.
6. Light Rare Earth Oxides include La₂O₃, CeO₂, Pr₆O₁₁, and Nd₂O₃.
7. Heavy Rare Earth Oxides include Sm₂O₃, Eu₂O₃, Gd₂O₃, Tb₄O₇, Dy₂O₃, Ho₂O₃, Er₂O₃, Tm₂O₃, Yb₂O₃, Y₂O₃, and Lu₂O₃. Sc₂O₃ is also included in HREO, as it occurs in low concentrations and carries high unit values like an HREO.

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 NI 43-101 mineral resources at Pele's Elliot Lake Project has not yet been demonstrated by a preliminary feasibility study.