



Pele Mountain Achieves Processing Milestone: Mixed Rare Earth Concentrate and Yellow Cake Produced at Eco Ridge

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

FOR IMMEDIATE RELEASE

October 24, 2012 - Toronto - Pele Mountain Resources Inc. (TSX Venture: **GEM**; OTCQX: **GOLDF**) (“**Pele**” or the “**Company**”) announced today that its bench scale metallurgical testing program has achieved a significant milestone with the production of a mixed rare earth carbonate concentrate along with uranium oxide (“ U_3O_8 ”), also known as yellow cake. The metallurgical testing is being conducted at Saskatchewan Research Council (“**SRC**”) using HQ-size drill core samples from Pele’s 100-percent owned Eco Ridge Mine Rare Earths and Uranium Project (“**Eco Ridge**”) in Elliot Lake, Ontario.

Pele has tested the basic processing circuit elements that were the basis of its NI 43-101 Preliminary Economic Assessment (“**PEA**”) including pre-concentration using flotation and high intensity magnetic separation, acid baking and leaching, purification of leach solutions, solvent extraction to recover uranium oxide (yellow cake), and precipitation of a mixed rare earth carbonate concentrate. Pele is now advancing processing optimization studies in order to expedite preparations for pilot plant testing and the submission of its updated Project Description to government regulators. Pele remains focused on its objective to obtain a license to construct its Eco Ridge Mine in 2015.

Al Shefsky, President of Pele stated, “Our production of mixed rare earth concentrates and yellow cake is an important metallurgical processing milestone and confirms that Pele Mountain is a clear leader in the race to develop secure and reliable supplies of critical rare earths in North America. We have achieved this excellent progress with the help of a very talented and dedicated team including the proactive and very capable personnel at SRC.”

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

- Its location in Elliot Lake, a proven mining camp with outstanding regional infrastructure including roads, railway, power, natural gas, airport, and deep-water ports. Elliot Lake has produced more than 300-million pounds of U_3O_8 and is the only Canadian mining camp to have achieved commercial rare earth oxide (“**REO**”) production.
- Pele’s world-class development team, led by Roger Payne P. Eng., former General Manager for Rio Algom, and includes RPA, SNC-Lavalin Inc., SENES Consultants Limited, and Golder Associates Ltd., all of which have extensive experience in Elliot Lake.

- Production of a strategically significant mix of rare earths forecast to remain in supply deficit.
- Well-understood rare earth mineralogy and metallurgy, allowing for excellent mineral extraction and recovery.
- No known environmental liabilities, enthusiastic local support, and strong government support.

Operational highlights of Pele's Eco Ridge PEA include:

- 9,000-tonne per day operation with life-of-mine production of 97.2-million lbs. of total rare earth oxides (in the form of a mixed rare earth carbonate concentrate) and 27.5-million lbs. of U_3O_8 over an 11-year mine life;
- Life-of-mine production includes 14.2-million lbs. of neodymium oxide (Nd_2O_3), 882,000 lbs. of dysprosium oxide (Dy_2O_3), 4.1-million lbs. of yttrium oxide (Y_2O_3) and significant quantities of terbium and europium oxides, providing a vital source of the most critical REO outside China;
- 85-percent of Project revenue from Heavy REO, neodymium oxide (Nd_2O_3) and U_3O_8 ;
- Light REO recoveries average 89-percent, Heavy REO recoveries average 78-percent, and U_3O_8 recovery averages 90-percent.

For further information about the PEA, please see Pele's press release of July 4, 2012.

This press release has been reviewed and approved by Roger Payne P. Eng., Pele's Executive Vice President and a Qualified Person under 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.