



Pele Mountain Sells Pigeon River Project to Zara Resources

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

FOR IMMEDIATE RELEASE

January 8, 2013 - Toronto - Pele Mountain Resources Inc. (TSX Venture: **GEM**; OTCQX: **GOLDF**) ("**Pele**" or the "**Company**") is pleased to announce the execution of a definitive agreement whereby Pele will sell its Pigeon River project (the "**Project**") to Zara Resources Inc. (CNSX: **ZRI**) ("**Zara**") for a purchase price of \$700,000 payable in Zara stock.

Pele President and CEO Al Shefsky stated, "In order to better focus on advancing development at our Eco Ridge Mine Rare Earths and Uranium Project, our goal is to find qualified partners to fund and operate our non-core projects or to sell them outright. We believe Zara and its team will capably explore the project and we are pleased to convert our stake into an equity and royalty interest. We wish Zara every success in its efforts at Pigeon River."

Pele will receive its consideration in the form of 2.25-million Common Shares of Zara at an issue price of \$0.10 per share, and 4.75-million Non Voting Convertible 5-percent Preference Shares of Zara, also at an issue price of \$0.10 per share. The Preference Share annual yield of 5.0 percent will be payable in common shares of Zara at the prevailing market price. The Project will be subject to a 2-percent Royalty, of which 0.5-percent will be granted to Pele on closing and 1.5-percent will be granted to 2212150 Ontario Inc. operating as Vanex Exploration ("**Vanex**"). Pele may buy up to 1.0-percent of the NSR from Vanex for \$1-million. The closing of the sale of the Project remains subject to standard closing conditions, including regulatory approval of the issuance of the shares.

In 2009, Pele staked the Pigeon River Project, which is currently comprised of 418 mining claim units in the Pigeon River area of northwest Ontario, 80 kilometres southwest of Thunder Bay. The property covers large unexplored magnetic targets near the basal contact of the Duluth Complex with potential to host nickel, copper, and platinum group element mineralization.

About Pele

Pele Mountain Resources 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. Elliot Lake was once the major source of heavy rare earth, yttrium and uranium production in North

America. With well-understood geology, mineralogy, and metallurgy, excellent regional infrastructure, and strong local support, Eco Ridge is an ideal location for the development of a safe, secure, and reliable long-term supply of critical rare earths and uranium. 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.