Pele Mountain Advances Cogent Solution to Rare Earth Industry Dislocations

Trading Symbol: TSX Venture : **GEM**
OTCQX : **GOLDF**
Shares Outstanding: 188,873,749

FOR IMMEDIATE RELEASE

July 28, 2015 - Toronto – Pele Mountain Resources Inc. (TSX VENTURE: **GEM**) (OTCQX: **GOLDF**) ("**Pele**" or the "**Company**") today provided an update regarding the escalating dislocations in the rare earth industry and resulting implications for Pele's monazite processing strategy.

In 2014, Pele expanded its business model to include the sustainable development of a low-cost, early-to-market, rare earth processing centre in Elliot Lake, Ontario, at the site of its Eco Ridge Mine Rare Earth and Uranium Project (**"Eco Ridge"**).

Pele President Al Shefsky stated, "After advancing Eco Ridge for several years, we realized more than a year ago that the already difficult capital markets were becoming increasingly less supportive of hard rock mining projects that require relatively high CAPEX. Accordingly, we began a transition toward a less capital-intensive solution to address the need for rare earth production and a rare earth supply chain outside China. These efforts evolved into Pele's monazite processing strategy. We continue to confidently pursue our vision of a rare earth processing centre in Elliot Lake in cooperation with qualified partners."

Despite increasing demand for certain rare earths and billions of dollars invested to develop mining operations and processing facilities, there are no new, hard rock rare earth mines outside China that have achieved profitable production. Challenges that have undermined the viability of new projects include: (1) high capital costs to construct hard rock mines, processing facilities, and associated infrastructure; (2) complex technical issues associated with process development unique to each deposit; (3) an environment of strongly down-trending rare earth prices; and (4) extremely weak resource capital markets.

These profound market-related and technical challenges have created a formidable impediment to the development of new hard rock rare earth mines and highlight the need for a different approach to achieve low cost rare earth production outside China.

Benefits of monazite processing over hard rock mine development include:

- The very high rare earth grades in monazite allow for substantial production, especially the critical magnet materials neodymium and praseodymium, from relatively low tonnage;
- Low-tonnage, processing-only operations allow for sharply lower CAPEX than development of large-scale mining and processing operations;
- The metallurgical techniques for processing monazite are well established, allowing for reduced technical risk, shortened ramp-up times, and reliable, long term production of rare earths.

According to the U.S. Department of Energy, "Supply challenges for five rare earth metals (dysprosium, neodymium, terbium, europium and yttrium) may affect clean energy technology deployment in the years ahead"[1]. Pele management believes that the ongoing decline in rare earth prices does not necessarily portend an amelioration of supply risks. However, establishing a rare earth processing centre in Elliot Lake can improve security and reliability of rare earth supplies by supporting the creation of a Canadian-based rare earth supply chain, as proposed by Pele. Furthermore, the development of monazite processing and rare earth separation facilities in Elliot Lake can support the development of Eco Ridge as market conditions improve.

China currently produces almost 90-percent of the global supply of light rare earths and more than 99-percent of heavy rare earths and has effectively leveraged its rare earth production to attract key industries to develop value added processing and manufacturing operations in China. Far more important than rare earth production are the benefits realized from important downstream rare earth value chains such as the manufacture of clean energy and high technology products and systems.

Mr. Shefsky concluded, "Recent market developments increase our confidence that our near term focus on monazite processing is the right strategy to achieve relatively low cost, early-to-market, rare earth production in Canada. With our outstanding team and partners, and the unique advantages that Elliot Lake offers, Pele's monazite processing strategy provides a compelling opportunity for the sustainable development of Canadian rare earth production and a Canadian-based rare earth supply chain."

Elliot Lake is the ideal location to host a rare earth processing center. It is Canada's only proven historic critical rare earth mining and processing camp and has outstanding regional infrastructure including highways, railway, electricity, natural gas, airport, deep-water ports, and a qualified workforce. The region hosts vast undeveloped rare earth and uranium resources, such as those at Eco Ridge. The community supports Pele's monazite processing strategy and has said so publicly.

About Pele

Pele Mountain Resources is focused on the sustainable development of a rare earth processing center in Elliot Lake, Ontario, at the same location as its Eco Ridge Mine Rare Earth and Uranium Project. With excellent regional infrastructure and strong local support, Elliot Lake is an ideal location for production of a safe, secure, and reliable supply of critical rare earths and uranium. Pele 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.

[1] U.S. Department of Energy, *Critical Materials Strategy*, December 2011 (DOE PI-0009)
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