Pele Mountain Provides Update on Development Plans and Progress in Elliot Lake

Trading Symbol: TSX Venture : **GEM**
OTCQX : **GOLDF**
Shares Outstanding: 209,396,930

FOR IMMEDIATE RELEASE

May 04, 2016 – Toronto – Pele Mountain Resources Inc. (TSX VENTURE: **GEM**) (OTCQX: **GOLDF**) ("**Pele**" or the "**Company**") today provided an update regarding development plans and progress for its Rare Earth Processing Centre and Solar Energy Power projects at and near its Eco Ridge property ("**Eco Ridge**" or the "**Property**") in the City of Elliot Lake, Ontario (the "**City**").

In 2015, Pele renamed its main operating subsidiary "Eco Ridge Development Corporation" ("**ERDC**") to reflect growing international interest in project development at Eco Ridge. Pele continues to advance Eco Ridge as the proposed site for Canada's first rare earth processing centre and its large NI 43-101 mineral resources continue to provide Pele shareholders with exposure and leverage to rare earths and uranium.

The Company has also worked for several months to assess the potential to develop a large-scale solar power project in Elliot Lake related to existing transmission lines with available capacity. During this time, Pele has expanded its objectives to include other possible solar-related projects, including smaller-scale solar energy power projects and energy storage projects in Elliot Lake.

Progress on Monazite Processing Project

Pele continues to pursue the sustainable development of a Rare Earth Processing Centre at Eco Ridge as a low cost alternative to mine development. There is no sustainable rare earth production or supply chain in Canada at this time, and recent market conditions have not supported the development of high CAPEX hard-rock mining projects. The massive decline in rare earth prices over the last five years has not alleviated supply risk but has actually increased it by discouraging new production needed for the longer term. For Canada to remain secure and competitive in clean energy, high-tech, defense, and other strategic industries, it is important to establish rare earth production and separation in Canada.

Pele's plan is to kick-start rare earth production in Canada by processing imported monazite at Eco Ridge. High rare earth grades in monazite allow for substantial production (especially magnet metals neodymium and praseodymium) from relatively low tonnage. Processing-only operations sharply reduce CAPEX and time-to-market compared to development of a new hard rock mine and processing operations, and can provide scalable, secure production. The metallurgical techniques for processing monazite are well established, allowing for reduced technical risk and shortened ramp-up times. Management believes that monazite processing is the right strategy to achieve timely, relatively low cost rare earth production in Canada.

Pele has received monazite bearing mineral sands, delivered from current mining operations of a potential supplier, for characterization and metallurgical test work, and has retained senior metallurgist John Goode, FCIM, FAusIMM, ARSM, P.Eng., an independent metallurgical expert and Qualified Person under NI 43-101 with significant expertise in rare earth processing, to assist in the preparation of an economic model for the project, which will be used in support of marketing efforts to enter into long-term off-take agreements with major end users, primarily of the magnet metals.

Pele has identified and engaged multiple potential monazite suppliers regarding long term off-take arrangements, and initiated discussions with government entities regarding the various regulatory requirements for monazite transportation and facilities development and retained a logistics expert to assist in the arrangements for importation and transportation of monazite.

Elliot Lake is an ideal location to host a rare earth processing centre. It is Canada's only proven historic 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.

Progress on Solar Power Projects

Pele is also assessing the potential for development of a large-scale solar energy power project in Elliot Lake, along with other solar energy-related projects, including smaller-scale solar power projects and energy storage projects. The City of Elliot Lake has power transmission infrastructure that was initially developed to support a much larger population and several large uranium mines and processing facilities that are now all closed.

Pele Director and ERDC Chairman John Wilkinson commented, "As Ontario continues to increase its supply of clean, renewable energy, we see a potential opportunity for Pele shareholders, the local communities, and other regional stakeholders to benefit. In addition to our own competitive advantages, we are in active discussions with a major solar power developer, which can provide our projects with significant additional compelling advantages. While Pele remains focused on advancing our resource projects at Eco Ridge, we also see considerable opportunity in the renewable energy sector."

Pele, through ERDC, has spent more than a decade in Elliot Lake, developing solid relationships and rooting itself in the community, while acquiring and consolidating the strategic Eco Ridge property. ERDC owns a 100-percent interest in the various development projects at Eco Ridge.

About Pele

Pele Mountain Resources is focused on the sustainable development of its Eco Ridge property in Elliot Lake, Ontario. The Eco Ridge property has unique characteristics that make it an attractive development site, including excellent regional infrastructure, strong local support, and its strategic location within Canada's only historic rare earth mining camp.

Pele is focused on advancing Eco Ridge as host to Canada's first rare earth processing centre and is also assessing the potential to develop a large-scale solar power station and other solar power-related projects in Elliot Lake. The NI 43-101 mineral resources at Eco Ridge also provide Pele shareholders with exposure and leverage to growing global demand for 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.

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