



Pele Mountain to Sell Its Ardeen Gold Project

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

FOR IMMEDIATE RELEASE

July 5, 2016 – Toronto – Pele Mountain Resources Inc. (TSX VENTURE: **GEM**) (OTCQX: **GOLDF**) (“**Pele**” or the “**Company**”) announced today that Pele and Chalice Gold Mines (TSX: **CXN**) (“**Chalice**”) have entered into a purchase agreement whereby their respective operating subsidiaries will sell their respective interests in the Ardeen Gold Project to Kesselrun Resources Ltd. (“**Kesselrun**”) (TSX VENTURE: **KES**).

Pele President and CEO Al Shefsky stated, "As we focus our efforts on renewable energy, energy storage and rare earth processing projects, we are pleased to monetize our non-core assets to capable explorers and developers, while retaining long-term upside through significant royalty interests. We wish Kesselrun every success in its exploration efforts at Ardeen."

In consideration for the sale, Kesselrun has agreed to issue Chalice and Pele 4-million common shares of Kesselrun and a package of Net Smelter Return (NSR) royalties. As 49-percent owner of the Ardeen, Pele will receive 1.96-million shares of Kesselrun and a pro rata share of the royalty package. Following this transaction, Pele will hold approximately 5.5-percent of the issued and outstanding shares of Kesselrun.

Pele (and Chalice) will be granted certain NSR royalties over certain mining claims. In combination with pre-existing NSRs, the property will be subject to an overall 2.5-percent NSR royalty over certain mining claims and a 2-percent NSR royalty on the remaining mining claims. The NSRs are subject to certain buyback clauses, which going forward will be for the benefit of Kesselrun.

All securities issued above are subject to a hold period of 4 months and one day from the date of completion and further provisions restricting the sales of shares to not more than approximately one tenth of the total per month over the following ten months except where the sale is in a single block to a purchaser acceptable to Kesselrun.

The Ardeen Gold Project, which Kesselrun has rebranded as the Huronian Gold Project, is a 5,040-hectare land package in the Shebandowan Greenstone Belt, approximately 100 km west of Thunder Bay, Ontario. The project hosts several significant gold zones including the past producing Huronian Mine (a.k.a. Ardeen Mine), the first producing gold mine in Northern Ontario. The mine area and surrounding mineralized zones are characterized by structurally-controlled, high-grade gold and silver hosted in quartz-carbonate vein systems and iron formation.

In 2009, Pele entered into an option agreement with Australian-based Coventry Resources Limited, pursuant to which Coventry funded sufficient exploration expenditures at Ardeen to earn a 51-percent interest in the project. Coventry was subsequently acquired by Chalice. Pele holds its 49-percent interest through its wholly-owned subsidiary, Pele Gold Corporation.

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 energy storage projects in Northern Ontario. 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.

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.