



Pele Mountain Intersects High-Grade Uranium In Basal Conglomerate Bed at Elliot Lake

Follow-up Drilling to Begin Immediately

Symbol: **GEM**
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FOR IMMEDIATE RELEASE

May 7, 2007 - Toronto - **Pele Mountain Resources Inc. (TSX Venture: GEM)** (“**Pele**” or the “**Company**”) today announced additional results of its 22-hole drill program at its Elliot Lake Uranium Project in Northern Ontario. Pele is focused on its objective of developing a world-class mine at Elliot Lake where an inferred resource of over 33 million pounds of U_3O_8 has been defined in the Main Conglomerate Bed (“**MCB**”), with the potential for significant upgrade and expansion. Virtually all previous announcements from the Company regarding its Elliot Lake project have referred exclusively to MCB mineralization.

As reported last week, the MCB was intersected in all 21 completed drill holes of Pele’s recent program, conducted under the supervision of Scott Wilson Roscoe Postle Associates (“**Scott Wilson RPA**”). Pele has received new information confirming that the Basal Conglomerate Bed (“**BCB**”) hosting higher-grade uranium with distinct Rare Earth Oxide (“**REO**”) concentrations compared to the MCB was also intersected in four of those holes. The BCB is located about 15 metres below the MCB at the Unconformity between the Archean basement rocks and the overlying Huronian sediments (the “**Unconformity**”). Best intercepts of the BCB were 0.218-percent U_3O_8 over a core length of 1.26 metres and 0.572-percent U_3O_8 over a core length of 0.32 metres (true width is unknown at this time). The BCB is discontinuous between the holes drilled within the Adit Block.

Mineralogical analysis conducted at Memorial University has established that the high-grade uranium in the BCB is contained within secondary minerals indicating that it may have been remobilized, possibly by secondary fluids moving along the Unconformity contact. In the Adit Block drilling, the BCB mineralization is distinct from the MCB mineralization as evidenced by more intense alteration, consistently higher uranium grades, distinct REO grades with different individual REO concentrations, a reduced Thorium-to-Uranium ratio, and the presence of anomalous gold and cobalt.

The distinct BCB mineralization is of particular interest because of its location at the Unconformity contact. The drill logs note the presence of thicker, more continuous intersections of the BCB in the historic drilling conducted on the west side of the property. Structural studies indicate that these intersections are in close proximity to a previously unmapped fault zone at the Unconformity contact (the

“**Fault Zone**”). This Fault Zone is interpreted to be the extension of the Canyon Lake fault, a southeast striking fault shown on government maps further to the northwest. The occurrences of BCB in the historic drill logs are located both within and on the west side of, the Fault Zone, relative to Pele’s recent “Adit Block” drilling. An 11-hole, 2,400-metre drill program will immediately test this high-priority target area. The drill program has been designed by Scott Wilson RPA to test the MCB and BCB, confirm the presence of the Fault Zone and explore the intersection of the Fault Zone with the unconformity contact where the mixing of groundwater with hydrothermal fluids or with more iron-rich basement rocks may have resulted in the secondary enrichment and deposition of uranium.

In summary, key points regarding the BCB mineralization include:

- The geochemistry, mineralogy and the geological environment of the BCB offer considerable newly recognized potential for the occurrence of a higher-grade uranium exploration target on the recently expanded Pele property.
- Regardless of the potential for higher grade deposits, the BCB adds an additional dimension to Pele’s Elliot Lake project. If sufficient thickness, continuity, and grade can be established, the BCB could add substantial mineral resources and enhance project economics.
- All previous announcements from the Company regarding mineral resources, an additional potential mineral deposit, scoping studies, and mine planning at its Elliot Lake project have referred only to MCB mineralization. Therefore, everything announced today regarding BCB mineralization is in addition to the previous project scope.

Uranium, REO, and gold assay results from intersections of the BCB are included in the table below.

Drill Results - Basal Conglomerate Bed

Drill Hole	From (m)	Core Length (m)	U₃O₈ (%)	REO (%)	Gold (ppb)
PM-04	101.28	0.72	0.155	0.136	416
PM-10	102.65	0.32	0.572	0.159	210
PM-11	112.00	1.26	0.218	0.113	141
PM-22	200.85	0.27	0.219	0.090	573

The intersections of the BCB in boreholes PM-04 and PM-10 are estimated to be located within 5 metres of each other. The intersection in PM-11 is located about 40 metres northwest of PM-04 and the intersection in PM-22 is located about 750 metres northwest of PM-04.

Mr. Gregory Campbell and Mr. Donald Hawke, P.Geo., consulting geologists with many years of uranium exploration experience, were retained by Pele as technical consultants last December. Pele’s press release of December 18, 2006 noted, “Based on their knowledge, expertise, and years of experience, the Consultants have postulated a new model for potential higher-grade uranium mineralization below the stratigraphic horizon hosting the known uranium deposits of Elliot Lake, within the basement rocks.” In Mr. Campbell’s February 2007 technical report entitled, “Uranium Mobilization and Hydrothermal Alteration in the Quirke Lake Syncline: A Case for the Exploration of High-Grade Basement-Hosted Uranium Deposits in the Elliot Lake Area”, Mr. Campbell wrote as follows:

“Decreased uranium grades in structural zones and a doubling of the Th/U ratios in the Pecors Lake segment on the south limb of the Quirke Lake syncline suggests that uranium has been preferentially moved from the mineralized horizons above.... This uranium would be mobile until it came in contact with reducing zones in the basement such as sheared graphite and sulfide schists. Therefore there is potential for higher grade basement-hosted uranium deposits in the area ...”.

When asked to comment on today’s announcement, Mr. Campbell stated, “Pele’s discovery of high grade remobilized uranium in a Basal Conglomerate Bed at the unconformity between the Archean basement rocks and the overlying sediments at Elliot Lake is very significant for it shows that uranium has moved by hydrothermal processes. The stratigraphic associations and controls and close proximity to a fault structure provide a geological setting capable of moving uranium-charged fluids. If these fluids came in contact with a reductant such as graphite or sulphides, which are known to be present in the immediate area, there is the possibility that high grade basement-hosted uranium deposits could exist in the area.”

As noted in prior press releases, Scott Wilson RPA is investigating the technical and economic viability of REO recovery as a potential means of increasing revenues at Elliot Lake. REOs are critical components in many high-tech applications including hybrid motor vehicles, flat screen monitors, and high-power magnets. Although demand for REOs is growing rapidly, over 90-percent of their supply is controlled by China, which has recently imposed tariffs on their export.

Within the Total REO content, the relative proportions of individual REOs are significantly different between the MCB and the BCB as shown in the table below.

Relative Percentages of Individual REOs

Rare Earth Oxide		Main Conglomerate Bed	Basal Conglomerate Bed
Yttrium Oxide	Y ₂ O ₃	4.8	17.4
Cerium Oxide	CeO ₂	46.3	32.5
Dysprosium Oxide	Dy ₂ O ₃	1.1	3.7
Erbium Oxide	Er ₂ O ₃	0.5	1.8
Europium Oxide	Eu ₂ O ₃	0.1	0.6
Gadolinium Oxide	Gd ₂ O ₃	1.9	4.0
Holmium Oxide	Ho ₂ O ₃	0.2	0.7
Lanthanum Oxide	La ₂ O ₃	23.5	15.6
Lutetium Oxide	Lu ₂ O ₃	0.0	0.2
Neodymium Oxide	Nd ₂ O ₃	14.0	13.6
Praseodymium Oxide	Pr ₆ O ₁₁	4.6	3.9
Samarium Oxide	Sm ₂ O ₃	2.4	3.9
Terbium Oxide	Tb ₄ O ₇	0.3	0.7
Thulium Oxide	Tm ₂ O ₃	0.0	0.2
Ytterbium Oxide	Yb ₂ O ₃	0.4	1.3

All samples were processed by two distinct methods at SGS Mineral Services in Toronto, an ISO 17025 accredited laboratory. The description of the QA/QC program is provided in Pele’s web site. Mineralogical analysis was conducted at Memorial University in St John’s, Newfoundland.

This press release has been reviewed and approved by Robert MacGregor, P.Eng., an independent Qualified Person with 14 years experience working in the Elliot Lake area during its time as an active uranium mining camp. References to the drilling program have been reviewed and approved by Lawrence B. Cochrane, Ph.D., P. Eng. of Scott Wilson RPA, a “Qualified Person” under NI 43-101.

About Pele Mountain Resources

Pele Mountain Resources is focused on its objective of developing a world-class mining and processing facility at its 100-percent owned Elliot Lake Uranium Project in Northern Ontario. The project hosts a NI 43-101 compliant inferred resource of over 33 million pounds of U₃O₈ comprised of 30.05 million tonnes at a grade of 0.05% with the potential for significant near-term upgrade and expansion. Scott Wilson RPA is collaborating with experienced professionals from a wide range of disciplines to lead its recommended technical, economic, and environmental scoping studies.

The Elliot Lake camp was once known as "the uranium capital of the world" and has produced more than 270 million pounds of U₃O₈ from stratigraphically-bound deposits that demonstrate remarkable consistency over extensive areas. The uranium market is currently experiencing unprecedented price gains due to surging global demand and increasingly uncertain supply.

Pele also holds a diverse portfolio of gold, diamond, and base metal projects located across Northern Ontario. Through project generation, strategic partnerships, and mineral discovery, Pele provides shareholders with exposure and leverage to the ongoing bull market in natural resources. Pele stock trades on the TSX Venture Exchange under the symbol "GEM".

For further information please contact Al Shefsky, President, at (416) 368-7224, or visit the Pele website at www.pelemountain.com.

The TSX-V has not reviewed and does not accept 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.