



Pele Mountain Signs Agreement with the City of Elliot Lake For Surface Rights at Eco Ridge Mine Project

Symbol: **GEM**
Listing: TSX Venture Exchange
Common Shares Outstanding: 95,486,944

FOR IMMEDIATE RELEASE

July 27, 2009 - Toronto - **Pele Mountain Resources Inc. (TSX Venture: GEM)** ("**Pele**" or the "**Company**") today announced the signing of a 21-year lease agreement (the "**Lease**") between Pele's wholly-owned subsidiary, First Canadian Uranium Inc. ("**First Canadian**"), and the City of Elliot Lake (the "**City**") in respect of surface rights to key mining claims owned by First Canadian at its Eco Ridge Mine Uranium Project in Northern Ontario. The Lease includes the City's surface rights to a total of 48 surface patents comprising approximately 796 hectares and includes an option for First Canadian to purchase the surface rights under certain circumstances.

Pele President and CEO Al Shefsky stated, "The Lease is another important milestone achieved on the path to sustainable development of Pele's Eco Ridge Mine project. The surface rights covered by the Lease include areas planned for mine portals and other surface plant, equipment, and related infrastructure. Negotiations with the City have been active for more than a year and the end product demonstrates the achievability of a win-win solution through collaborative efforts, balancing economic growth opportunities with broader 'quality of life' concerns. We are grateful for the unanimous support of Elliot Lake's City Council in approving the Lease with First Canadian and for the opportunity to advance Eco Ridge for the long-term benefit of the local communities and our shareholders."

In September 2008, Pele commenced the permitting process at Eco Ridge by filing a Project Description with the Canadian Nuclear Safety Commission and the Federal Government's Major Project Management Office. The document, which can be viewed at http://www.pelemountain.com/pdf/pele_project_description.pdf, details Pele's approach to sustainable development. The mining, processing, and waste management plans make innovative use of proven technologies to build a modern, state-of-the-science facility, significantly more advanced and environmentally-friendly than historic operations in the Elliot Lake camp.

With its excellent regional infrastructure, well-understood geology, and politically-stable and mining-friendly jurisdiction, Elliot Lake is an ideal location for the development of a long-term secure and reliable uranium supply. Pele's 100-percent owned Eco Ridge Mine project contains a NI 43-101 compliant resource of 6.4 million pounds of "indicated" U₃O₈ (5.68 million tonnes grading 0.051-percent U₃O₈) and 36.1 million pounds of "inferred" U₃O₈ (37.26 tonnes grading 0.044-percent U₃O₈) with the potential for significant expansion. More than 300 million pounds of U₃O₈ were mined from similar deposits near Elliot Lake by Rio Algom and Denison Mines from 1956 to 1996.

The rental fee under the Lease is \$3.00 per hectare per calendar year commencing July 23, 2009 and terminating on December 31, 2030. The Lease includes several provisions permitting and protecting the continued use of all existing recreational trails for hiking, recreational vehicle and snowmobile use and for the continued use of Pecors Lake Road. Furthermore, the City has maintained the right to construct additional roadways on portions of the property to enhance and advance its cottage lot business. In addition, the City reserved a 400-foot wide buffer from the water's edge of Pecors Lake whereon no mining activity can be conducted without the consent of the City.

Provided certain conditions have been met, which include either obtaining a license to commence mine development or obtaining a NI 43-101 compliant feasibility study, First Canadian has the right under the Lease to purchase the surface rights from the City pursuant to an agreed upon purchase price formula based on market value of the surface rights. The City in turn has the right under the Lease to require First Canadian to purchase the surface rights from the City upon 90 day's advance notice pursuant to an agreed upon purchase price formula also based on market value. The City also has a right of first offer to purchase the surface rights from First Canadian in the event mining activities have permanently ceased thereon and First Canadian has decided to sell the surface rights to an arm's length third party.

About Pele

Pele is focused on the sustainable development of the Eco Ridge Mine in the historic Elliot Lake mining camp. The company is developing a safe, secure, and reliable uranium project in order to deliver lasting benefits to local communities and its shareholders. Pele also holds a diverse portfolio of gold, diamond, and base metal projects in Northern Ontario. Pele stock is listed on the TSX Venture Exchange under the symbol "GEM".

For further information please contact Al Shefsky, President, at (800) 315-7353, 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. 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.