



Pele Mountain Achieves Major Milestone with Positive Scoping Study for Uranium Mine Project at Elliot Lake

- “Base Case” Scenario Shows Projected Cash Operating Costs of US\$55.51 Per Pound
- New “Indicated Resource” of 6.39-Million Pounds U_3O_8 Plus Increased “Inferred Resource” of 36.15-Million Pounds U_3O_8
- Work Program Underway to Advance Project to Licensing and Feasibility Stages

Symbol: **GEM**
Listing: TSX Venture Exchange
Common Shares Outstanding: 72,071,310

FOR IMMEDIATE RELEASE

October 4, 2007 – Toronto – **Pele Mountain Resources Inc. (TSX Venture: GEM)** ("Pele" or the "**Company**") announced today that it has received a positive scoping study (the "**Scoping Study**") authored by Scott Wilson Roscoe Postle Associates ("**Scott Wilson RPA**") for its 100-percent owned Elliot Lake Uranium Project in Northern Ontario. The Scoping Study provides the basis for an economically-viable, environmentally-compliant uranium mining and processing facility at Elliot Lake.¹

Project Lead, Fergus Kerr, P.Eng., former General Manager of the Denison uranium mine in Elliot Lake, stated: “Work to-date suggests that Pele has a viable uranium deposit at Elliot Lake. We continue building a technical team with the skills and expertise to advance the project through licensing and feasibility toward development and production while providing a model for excellence in mining, processing, and environmental management.”

The Scoping Study focused on U_3O_8 mineralization in the Main Conglomerate Bed ("**MCB**") that lies within the Adit Block. The Adit Block is a 600 by 800-metre area of near-surface and relatively higher-grade mineralization that presents a favourable location for initial mining. The MCB lies about 10 to 15 metres above the basement rocks and extends across a strike length of 6,000 metres, and a dip length of at least 3,800 metres, all within the Pele property. All stated resources at Elliot Lake are hosted within the MCB.

The Scoping Study presents a base case mining and processing scenario that includes less than half of Pele’s known uranium resources and which retains significant upside potential in many of its parameters.

Highlights of the Scoping Study include:

- An 18-year mine life, producing 826,000 pounds of U₃O₈ annually at a cash operating cost of US\$55.51 per pound.
- Initial capital costs of C\$195-million (which includes a contingency of C\$28.5-million); and C\$63-million in sustaining capital costs over the life of the mine, which includes C\$31-million for decommissioning.
- An innovative mining and processing plan comprised of 40-percent conventional mining and acid-leaching, and 60-percent underground bioleaching.
- Projected recoveries of 90-percent from acid-leaching and 70-percent from bioleaching.
- An updated NI 43-101 mineral resource estimate that includes 6.39 million pounds U₃O₈ (grading 0.051-percent) classified as “indicated” and 36.15 million pounds U₃O₈ (grading 0.044-percent) classified as “inferred”.
- Several potential opportunities for improved economics, including increased production rates, better recoveries, development of higher-grade ore zones, and significantly increased mineral resources and/or “blue sky” from continued exploration of the Basal Conglomerate Bed (“**BCB**”) and study of Rare Earth Oxide (“**REO**”) recoverability and marketing.
- A base case pre-tax Net Present Value (“**NPV**”) of \$C41.0-million at a 10-percent discount rate. The pre-tax NPV increases to C\$147.7-million at a 5-percent discount rate and the undiscounted pre-tax NPV of the project is C\$363.4-million.
- A base case pre-tax Internal Rate of Return (“**IRR**”) of 13-percent, assuming an “all equity” funding scenario for the initial capital costs of the project.

The pre-tax IRR for the base case increases to 22-percent for a scenario that includes 75-percent debt financing (at 8-percent interest over 15 years).

The mining and processing methods selected in the Scoping Study are an advancement over those used historically at Elliot Lake. The proposed scenario will produce 3,214 tons per day (tpd), averaging 0.045-percent U₃O₈. Approximately 40-percent (1,260 tpd) of production will be broken by drifting and transported to surface by trucks to a conventional acid-leach plant. The remaining 60-percent (1,954 tpd) will be broken by horizontal long-hole slashing and left underground for extraction by a bioleaching process first implemented on a commercial scale by Denison Mines at its Elliot Lake operations in the 1980s. Waste from bioleaching will remain underground, while above ground tailings and waste water will be contained using proven best practices from modern-era waste management at Elliot Lake.

The updated NI 43-101 compliant mineral resource estimate at Elliot Lake is as follows:

Elliot Lake Mineral Resource Estimate

Classification	Tonnes (million)	U₃O₈ (%)	U₃O₈ (million lbs)
Indicated	5.681	0.051	6.387
Inferred	37.262	0.044	36.145

The mineral resource was estimated using a cut-off grade of 0.03-percent U₃O₈ and a uranium price of US\$55 per pound U₃O₈, at a C\$/US\$ exchange rate of 1:0.9. The Elliot Lake deposit extends down-

plunge and to the east beyond the boundaries of the resource. Based on historical wide-spaced drilling, Scott Wilson RPA estimates that these areas could contain an additional 35 to 40 million tonnes grading from 0.04 to 0.05-percent as a potential mineral deposit.²

The Scoping Study highlights several potential opportunities to improve project economics from the base case scenario, including the following:

- Further optimization of the mine design and mining schedule may result in reduced operating costs and/or increased production rates.
- Future test work may demonstrate that uranium recoveries from conventional acid-leaching can increase from 90 to 95-percent by adjusting reagent and fuel consumption.
- Additional drilling may expand higher grade zones beyond the Adit Zone, particularly in areas adjacent to the flanks of a topographic high in the basement rocks (as explained in Pele’s press release dated September 19).
- The projected mine life may be extended with further in-fill drilling in areas that contain inferred mineral resources and potential mineral deposits. The Scoping Study base case scenario includes less than one-half of the known resources and less than one-quarter of the area where drilling has intersected the MCB.
- Additional, higher-grade mineralization may be contained within secondary mineralization hosted within the BCB at or near the Unconformity between the basement rocks and the overlying sediments, an excellent exploration target with significant “blue sky” potential.
- The recovery of Rare Earth Oxides as by-products may provide substantial economic benefit, either through sale as a crude concentrate product similar to that marketed by Denison Mines in prior Elliot Lake camp operations or as upgraded products that capture a greater share of the value chain.

The Scoping Study includes a recommended work program to advance the project to the licensing and feasibility stages. The recommendations include:

- Additional studies designed to optimize production rates, production grade, and mining schedule.
- Larger-scale sampling and leach testing to provide further detail on recoveries and to assist with the processing plant design.
- In-fill drilling to provide additional detail within the area of inferred resources and to investigate areas adjacent to the flanks of a topographic high in the basement rocks east of the Adit Zone for additional higher-grade mineralization.
- Updating the block model with the most recent drill results, along with new results as they are received.
- Exploration of the BCB for higher-grade remobilized uranium with geophysics and drilling. An airborne electromagnetic survey will be flown to identify conductors that may act as suitable reductants and traps for localizing such higher grade uranium deposition.
- Continue ongoing baseline environmental and site characterization surveys.

- Continue ongoing site selection studies for the tailings pond location.

The budget for the work program outlined above is \$3.6-million.

The Company has initiated preparations to deliver a Letter of Intent to apply to the Canadian Nuclear Safety Commission (“CNSC”) for licensing a uranium mine at the project. The Letter of Intent will enable the CNSC to more effectively provide guidance to Pele on the preparation for the Environmental Assessment and the licensing application process. Discussions with the CNSC will enable Pele to determine the balance of the feasibility program and to estimate its associated costs.

Base case parameters in the Scoping Study assume a constant U_3O_8 price of US\$95 per pound, being the “Long-Term Base Price” of U_3O_8 as quoted in Trade-Tech’s “Nuclear Market Review” (September 30, 2007), and an exchange rate of C\$1.00 to US\$0.90. Even as the U_3O_8 spot price has shown great volatility in 2007, this “Long-Term Base Price” has remained unchanged since April. The vast majority of U_3O_8 transactions occur in the long-term market.

Using the base case scenario presented in the Scoping Study, with a fixed U_3O_8 price of US\$95 per pound and initial capital costs funded with all-equity cash advances, the project has an attractive IRR of 13-percent. However, at incrementally higher U_3O_8 prices, significantly higher rates of return are achievable. For example, at a U_3O_8 price of US\$115 per pound the IRR increases to 21-percent, and at US\$135 per pound the IRR increases to 28-percent. (These IRR figures are significantly higher when a partial debt financing is considered.) This illustrates the explosive leverage of the project to the uranium price.

Pele President and CEO Al Shefsky stated, “The Scoping Study provides the road map to advance our project to the licensing and feasibility stages and supports our ultimate objective of developing a new uranium mine at Elliot Lake. Global demand for nuclear power is surging as governments seek to reduce greenhouse gas emissions, underpinning the uranium market with a strong fundamental long-term outlook. As an established mining camp with excellent infrastructure, well-understood geology, and a politically-stable and mining-friendly jurisdiction, Elliot Lake is an ideal location for the development of a secure and reliable long-term uranium supply.”

Mr. Shefsky continued, “Our deposit is world-class in size, with room for significant expansion, and the base case scenario presented in this Scoping Study includes only a fraction of it. The project economics for this relatively conservative forecast are extremely sensitive to the uranium price as well as other operational and financial metrics. As believers in both Elliot Lake and in the future of nuclear power, we are pleased to offer investors ‘Superior Leverage to Uranium’ unlike any other opportunity in the marketplace today.”

The technical aspects of the Scoping Study in this press release 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 a Canadian energy and mineral exploration company focused on advancing its 100-percent owned Elliot Lake Uranium Project toward objectives of development and production. The project has a positive Scoping Study and hosts a NI 43-101 compliant “indicated resource” of 6.39 million pounds of U_3O_8 (5.68 million tonnes grading 0.051-percent U_3O_8) and an “inferred resource” of 36.15 million pounds U_3O_8 (37.26 tonnes grading 0.044-percent U_3O_8) with the potential for significant upgrade and expansion. Elliot Lake was once known as “the uranium capital of the world” and has produced more than 270 million pounds of U_3O_8 from vast, stratigraphically-bound deposits.

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 growing global demand for natural resources. Pele stock is listed 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.

1. The Preliminary Assessment is preliminary in nature and includes both indicated and inferred mineral resources. Inferred mineral resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the preliminary assessment will be realized.
2. The potential quantity and grade of the potential mineral deposit are conceptual in nature and there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the targets being delineated as a mineral resource.

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.