



## **Pele Mountain Purchases Pardee Uranium Property from CanAlaska Uranium Ltd.**

Symbol: **GEM**  
Listing: TSX Venture Exchange  
Common Shares Outstanding: 59,562,145

### **FOR IMMEDIATE RELEASE**

October 16, 2006 - Toronto - **Pele Mountain Resources Inc. (TSX Venture: GEM)** (“Pele” or the “**Company**”) announced today that it has entered into an agreement with CanAlaska Uranium Ltd. (**TSX Venture: CVV**) (“**CanAlaska**”) to purchase a 100-percent interest in five unpatented mining claims comprising the **Pardee Uranium Property** (the “**Pardee Claim Group**”).

The Pardee Claim Group includes 60 mining claim units located east of the town of Elliot Lake in northern Ontario covering approximately 2,400 acres and tying on to the southern boundary of Pele’s original 95-unit Elliot Lake claim block. With this acquisition, Pele has consolidated a large zone of known uranium mineralization in a geological environment very similar to several past producing uranium mines on adjacent properties including the Algom Nordic, Lacnor, and Stanleigh mines. The combination of the Pardee Claim Group with Pele’s original Elliot Lake claim block will henceforth be referred to as Pele’s Elliot Lake Project.

Uranium on the Pardee Claim Group is hosted in quartz pebble conglomerate beds that outcrop at the surface and dip to the north onto Pele’s original Elliot Lake claim block. Exploration on the Pardee Claim Group began in 1953. Extensive drilling by several companies in the immediate area led to a compilation effort by Rio Algom in the mid-1970s which outlined a “Measured Ore Estimate” of 27,181,000 tons grading 1.03 pounds per ton (lbs/ton)  $U_3O_8$  (27,996,430 pounds  $U_3O_8$ ). While this ore estimate does not conform to NI 43-101 standards, the Rio Algom compilation data is generally considered to be reliable<sup>1</sup> according to local industry standards. The Pardee Claim Group covers approximately 70-percent of the Rio Algom ore estimate.

Pele’s original Elliot Lake claim block covers the down dip extension of the mineralized zone delineated by Rio Algom on the Pardee Claim Group. Drilling by Rio Algom near the southern boundary of Pele’s original claim block intersected 0.90 lb/ton  $U_3O_8$  over 9.0 feet in Drill Hole CB34, being the average of the original hole and a wedge cut. Drill Hole CB35, also by Rio Algom, was drilled more than 2.5 kilometres to the northwest (on Pele’s original claim block) and intersected 1.14 lb/ton  $U_3O_8$  over 12.2 feet, being the average of the original hole and a wedge cut. These drill holes confirm the continuation of the Pardee mineralized zone onto Pele’s original claim block and indicate the potential for 50 to 60 million tons of uranium bearing conglomerates in addition to the Rio Algom ore estimate.<sup>2</sup> The mineralized zone remains open down dip and along strike.

Pele President and CEO Al Shefsky stated, “The Elliot Lake area has produced more than 270-million pounds of  $U_3O_8$  from stratigraphically-bound conglomerate deposits that demonstrate remarkable consistency over large areas. Since 2003, the spot uranium price has soared from below US\$10 per

pound to over US\$55 per pound. Our Elliot Lake Project provides our shareholders with exposure and leverage to the growing global demand for uranium.”

As consideration for the purchase, Pele has agreed to pay CanAlaska a total of \$13,000 in cash, to issue 60,000 common shares in the capital of Pele (the “**Pele Shares**”) at an attributed value of \$12,000, and to grant to CanAlaska a 1.75-percent Net Smelter Return Royalty (the “**NSR Royalty**”) on the Pardee Claim Group. Pele retains the right to buy back up to 1-percent of the NSR Royalty for a total of \$1-million. Pele has also agreed to use commercially reasonable best efforts to complete and file \$25,000 of assessment work on the Property before October 19, 2006. Pele is currently drilling a preliminary core hole within the area of the Rio Algom ore estimate. The Pele Shares to be issued to CanAlaska are subject to TSX Venture approval and to the standard four-month statutory hold period from the date of issuance. The completion of the purchase of the Property remains subject to regulatory acceptance of applicable filings.

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.

### **About Pele Mountain Resources**

Pele Mountain Resources is discovering and developing the mineral wealth of northern Ontario. Pele is focused on the exploration and development of high-grade gold zones at its 100-percent owned Highland project, within the Goudreau-Lochalsh mining camp. Exploration results at Highland indicate strong potential for near-surface gold resources and existing regional infrastructure, including nearby gold milling facilities, provide opportunities for revenue generating operations. Pele is a generative exploration company holding a diverse portfolio of gold, diamond, uranium and base metal projects, providing exposure to discovery and to the increased global demand for natural resources. Four Pele projects are currently funded through agreements with strategic partners, including Goldcorp, Wallbridge Mining, Trigon Exploration, East West Resources and Maple Minerals (a division of Mega Uranium). 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](http://www.pelemountain.com).

<sup>1</sup> The Rio Algom “measured ore estimate” is historical, has not been confirmed by a qualified person, and should not be relied upon.

<sup>2</sup> The potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a mineral resource. It is uncertain if further exploration will result in the discovery of a mineral resource.

**The TSX Venture Exchange 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.