



Pele Mountain Files Preliminary Economic Assessment for Eco Ridge, Providing Road Map to Sustainable Development of Low-Cost Rare Earths and Uranium Production at Elliot Lake, Ontario

Trading Symbol: TSX Venture : **GEM**
OTCQX : **GOLDF**
Shares Outstanding: 133,938,746

FOR IMMEDIATE RELEASE

September 7, 2011 - Toronto - Pele Mountain Resources Inc. (TSX Venture: **GEM**; OTCQX: **GOLDF**) (“**Pele**” or the “**Company**”) today announced the filing of its recently announced NI 43-101 Preliminary Economic Assessment (the “**PEA**”) on its Eco Ridge Mine Rare Earths and Uranium Project (“**Eco Ridge**” or the “**Project**”) on SEDAR. The PEA was prepared by Roscoe Postle Associates (“**RPA**”).

Highlights of the PEA, some of which have changed marginally since Pele’s July 5, 2011 press release, include:

- Ramp up to 9,000-tonne per day operation with life-of-mine production of 10.7-million pounds of Total REO and 24.9-million pounds of U₃O₈ over a 15-year mine life.
- Cumulative operating cash flow of US\$1.73-billion; Cumulative pre-tax cash flow of US\$1.28-billion.
- Positive NPV of \$644-million (at a 7.5% discount rate); IRR of 45-percent.
- Operating cash costs of \$46 per tonne, the lowest among aspiring Canadian REO producers;
- Revenue from U₃O₈ is greater than operating costs for both U₃O₈ and REO combined. Therefore REO operating costs are zero net of U₃O₈.
- Operating costs of \$16 per pound U₃O₈, net of REO credits;
- Start-up capital cost of \$219-million; Sustaining capital cost of \$227-million.
- A Project Permitting Schedule providing an outline of planned activities.
- Opportunities to improve project economics including improved mineral recoveries and increased resources.

RPA also noted, “At current prices, Project economics are very similar to the base case. While rare earths prices are higher (the current price average is \$425 per kg, compared to \$342 per kg in the base case), uranium prices are lower (current long-term contract price is US\$68 per lb U₃O₈, compared to US\$85 per lb U₃O₈). The undiscounted pre-tax cash flow for the current price scenario totals C\$1,178 million over the mine life ... The IRR is 42% and the net present value (NPV) is C\$583 million at a 7.5% discount rate.”

Note: The PEA is preliminary in nature. It includes inferred mineral resources which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the preliminary economic assessment will be realized.

In view of the increasing importance of rare earths, and the fact that there is more than three times as much REO as U_3O_8 at Eco Ridge, Pele is advancing new work initiatives with particular focus on optimizing REO production. Most of the new initiatives can be categorized broadly as either seeking to increase REO resources or improve REO recoveries.

Exploration in the Elliot Lake mining camp has historically focused on testing the limits of the U_3O_8 mineralization and not REO mineralization. Pele is now pursuing opportunities to increase mineral resources, especially REO resources, including recent step-out drilling to expand the deposit. Limited rare earth assay data are available outside of the MCB intercepts drilled and assayed by Pele Mountain from 2006 to 2011. The available data show that rare earths mineralization continues above and below the main conglomerate bed and Pele has launched a new expanded core sampling program to determine the extent.

Although the PEA forecasts a robustly profitable operation at Eco Ridge, the base case extraction and recovery methods envisioned are forecast to achieve relatively modest recoveries of rare earths. Pele is currently pursuing opportunities to improve extraction and recovery of REO. Recent work investigating the use of an acid wash at the conclusion of the bio-leaching cycle and acid bake of the mill feed ore shows promising results.

The acid bake approach is well established for extracting REO from monazite, the predominant REO-bearing mineral at Eco Ridge. Preliminary test results show that the acid baking-leaching process is an effective process to treat samples from Eco Ridge with recoveries ranging from over 80 percent to over 90 percent recovery of total REO. A sensitivity analysis in the PEA showed that if all REO recoveries were set to 80 percent, this scenario increases REO production from approximately 834,000 pounds per year to 4,300,000 pounds per year. Average NSR value would increase from C\$93 per tonne mined, to C\$172 per tonne mined.

Pele is continuing to collect data to support the feasibility and licensing process. The PEA includes a project permitting schedule that provides an outline of planned activities. The Permitting Schedule can be viewed on p. 20-6 of the PEA, or on Pele's website at www.pelemountain.com/pdfs/ProjectPermittingSchedule.pdf

Al Shefsky, President and CEO of Pele stated, "We are extremely pleased with this PEA of our Eco Ridge Mine Project. The PEA confirms our long-standing belief that Eco Ridge can be an important future source of rare earths and uranium, perhaps most importantly as a secure and reliable long-term source of critical rare earths outside of China. Our project economics are robust and compelling and we are executing next steps to rapidly advance development at Eco Ridge."

The Project has no known environmental liabilities and enjoys strong local support. The Province of Ontario has recently granted two renewable 21-year mining leases at Eco Ridge (the "**Mining Leases**"), giving Pele the exclusive right to mine in the leased areas. The Mining Leases also include surface rights except for an area covered by surface patents owned by the City of Elliot Lake (the "**City**"). The City has also granted Pele a renewable 21-year lease with a conditional option to purchase the City's surface patents (the "**City Lease**"). Both the Mining Leases and the City Lease allow for siting of project infrastructure like mine portals and processing facilities.

The technical and economic information relating to the PEA in this press release has been reviewed and approved by Jason Cox, P.Eng., Director of Mine Engineering for RPA, an independent qualified person under NI 43-101. The PEA technical report can be viewed on SEDAR and on the Pele website at www.pelemountain.com.

About Pele

Pele Mountain Resources, a leader in Canadian rare earths development, is focused on the sustainable development of its 100-percent owned Eco Ridge Mine Rare Earths and Uranium Project. Eco Ridge is one of

very few North American rare earths deposits that has completed a NI 43-101 Preliminary Economic Assessment with robust economics and is located in Elliot Lake, the only Canadian mining camp to have ever achieved commercial REO production. With well-understood geology, mineralogy and metallurgy, excellent regional infrastructure, and strong local support, Eco Ridge is an ideal location for a safe, secure, and reliable long-term supply of REO and U₃O₈. Pele also holds interests in a portfolio of Northern Ontario gold properties at Highland and Ardeen. Pele's 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. 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.