



Their Elliot Lake uranium project has become the sole focus of Pele Mountain as the property advances toward production.

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Hard-charging junior revives Elliot Lake camp



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By IAN ROSS
Northern Ontario Business

Pele Mountain Resources is leading the charge behind a revival in the historic Elliot Lake uranium camp.

Fuelled by the upward spiralling price of uranium and inspired by the reams of old drill logs available from the 1970s, Al Shefsky felt the former uranium capital of the world on Lake Huron's North Shore was worth taking another look.

His company's exploration work enjoyed a jump start in 2005 because of some treasure maps found in the files of Ontario Geological Survey, courtesy of Rio Algom, one of the former big producers in the area.

Pele's drills have been constantly turning on their property east of town to upgrade a growing resource which may stretch beyond a projected 18-year mine life. A scoping study (presenting a basic case for mining) was released last October. The uranium project is now advancing toward licensing and a feasibility study.

New estimates have pushed the resource from 33 million pounds to 42.5 million pounds, ranging between grades of 0.051 per cent ("indicated") and 0.044 per cent ("inferred").

What has Shefsky excited these days is last fall's discovery of high grade uranium during their ongoing 5,000-metre drilling program.

Much of their exploration focus had been following the near surface part of a deposit, known as the Main Conglomerate Bed. But they've discovered 15 metres below that main bed is uranium of "up to 10 times higher grade," said Shefsky.

"We see the potential for a new style of mineralization and new type of deposit that could increase the grade and enhance the economics."

No detailed results on grades on these new discoveries have yet been released by Pele. They hope to get a better idea of this type of mineralization with an airborne survey this winter to pinpoint further drill targets.

In the old Rio Algom drill logs, there was only a suggestion of this new Basal Conglomerate Bed and the potentially higher grades, but nothing close to the type of grades they're now seeing, said Shefsky.

"We know the deposit is much bigger because there are historical holes that are down-dipping. But that drilling wasn't included in the resource of 42 million pounds because it was too widely spaced."

His consultants said because of the nature of deposit, it could easily double in size.

Unlike other base metal or gold productions, handling uranium ore is an extensive undertaking, requiring thorough environmental study and special permitting from the Canadian Nuclear Safety Commission.

With the baseline environmental surveys completed last year, Shefsky hired Fergus Kerr, a former Denison Mine manager in Elliot Lake to help move the project forward.

"We have the skill set and expertise to move it through to the permitting, feasibility and commercial production. That's our objective," said Shefsky.

The mine plans indicate that the access to the deposit will be made through a decline ramp and the room-and-the-pillar mining method, commonly used at most of the past producing Elliot Lake mines.

The consultants recommend processing the first 40 per cent of ore on surface through a conventional acid leaching plant, a standard way of crushing, grinding, acid leaching and solvent extraction to recover uranium.

The remaining 60 per cent will be pro-

cessed underground through bio-leaching, using micro-organisms to extract uranium from ore, the way Denison used to do.

Shefsky said it's lower cost and it's more environmentally friendly to keep 60 per cent of the waste underground.

He said the best tailing ponds at Elliot Lake were fully submerged. It reduced the oxidation, there was no acid-run off and there was no radiation emitted.

Shefsky said the fact that area lakes remain clean and fish are healthy is the greatest evidence of that practice.

"If we do it that way, it should work well."

Pele made its big splash in Northern Ontario with its diamond discoveries in Wawa.

But because the junior is so focused on getting Elliot Lake into production, Shefsky said he wouldn't mind partnering with other miners to operate their other properties similar to an exploration arrangement Pele struck with Wallbridge Mining on Sudbury's North Range. 

www.pelemountain.com

QUICK FACTS

Pele Mountain Resources Inc.
Head office: Toronto
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Properties: Elliot Lake uranium,
Sudbury nickel-copper-PGE,
Festival diamond, Timmins
nickel, Ardeen gold-silver
Trading Symbol: GEM: TSX-V