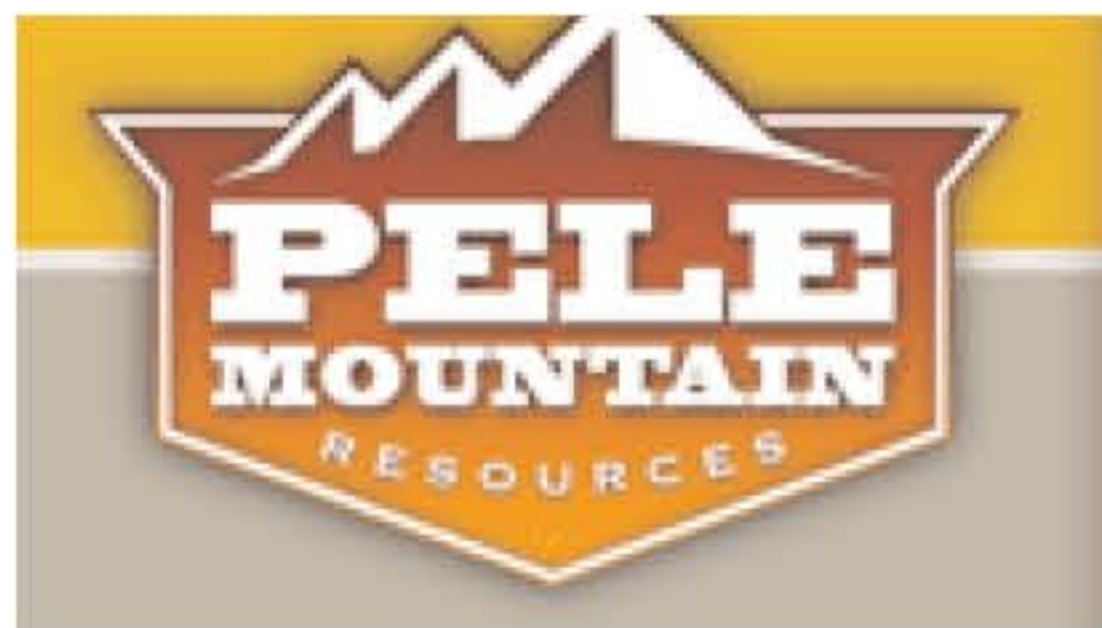


Spotlight on Mining... Pele Mountain Resources

Editor's Note: "The Nuclear Review" continues its "Spotlight on Mining" series, which focuses on junior exploration and production companies that intend to contribute to future uranium production capacity.

In this issue, we interview Alan Shefsky, chairman, president, and CEO of Pele Mountain Resources (**Figure 1**), a Toronto-based exploration and development company focused on the advancement of its Elliott Lake uranium project in northern Ontario.

Pele Mountain also holds a diverse portfolio of gold, diamond, and base metal projects located across northern Ontario, including the Highland Project, where drilling has outlined several high-grade, narrow-vein gold zones within an historic mining camp. The company began trading on the TSX Venture Exchange under the symbol: GEM on November 29, 2002.



TNR: What is the history of Pele Mountain Resources and its mineral properties in Ontario?

Shefsky: Pele Mountain has been acquiring and exploring mineral

properties in northern Ontario for more than ten years. We own a diverse portfolio of uranium, gold, diamond, and base metal projects, several of which have been optioned or joint ventured with high-quality partners, including Goldcorp. Our generative strategy maximizes opportunities while reducing Pele's costs and risks. The success of this strategy is highlighted by Pele's acquisition of a large uranium resource at our Elliott Lake project.

Our projects include Elliot Lake (uranium), Highland (gold & diamonds), Sudbury (base metals), Ardeen (gold), and Festival (diamonds), all of which host significant mineralization. In 2006, before we completed our Elliot Lake acquisitions, we focused our efforts at Highland where we have put together a large property with several high-grade, gold-bearing shear zones in a well-established gold camp.

TNR: How did Pele Mountain acquire the uranium claims at Elliott Lake?

Shefsky: We staked our initial claims at Elliot Lake in February 2005 when the uranium price was US\$21.75 per pound. The acquisition was a perfect fit with our generative model, which is based on acquiring and developing undervalued mineral properties in northern Ontario. In October 2006, we purchased the adjacent Pardee claim group, which hosts the majority of an historical 28 million pound U₃O₈ "measured ore estimate," compiled by Rio Algom in the 1970s. We subsequently added to our holdings in December 2006 with the purchase of additional mining claims, also containing portions of Rio Algom's "measured ore estimate." The consolidated project area now comprises well over 10,000 acres (**Figure 2**).

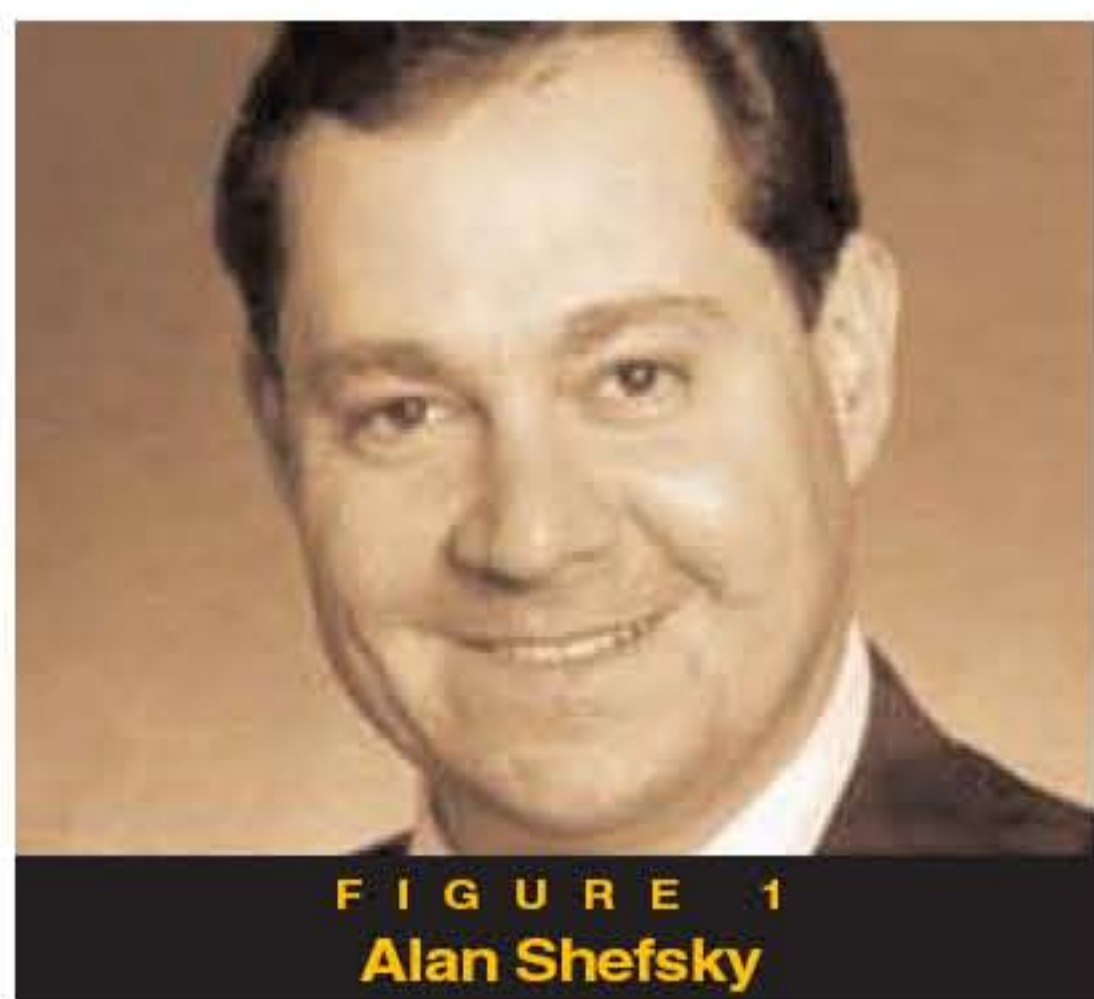


FIGURE 1
Alan Shefsky
President, Chief Executive Officer, and Director of Pele Mountain Resources
Photo courtesy of Pele Mountain Resources

TNR: *What are the mineral reserves at the Elliott Lake uranium project and how would you describe the geology of this property?*

Shefsky: We recently commissioned a NI 43-101 technical report for the project that was completed in January 2007. The Report was authored by Scott Wilson Roscoe Postle Associates Inc., which confirmed that the project hosts a NI 43-101-compliant inferred mineral resource of 30.05 million tons grading 0.05% uranium oxide (U₃O₈), containing 33.05 million pounds U₃O₈. The report also outlines a drill-tested additional potential mineral deposit of 25 to 30 million tons at grades ranging from 0.04 to 0.05% U₃O₈.¹ The deposit remains open down dip on Pele’s property where there is room to host large extensions of the mineralized zones.

The Elliot Lake uranium deposits are hosted in stratigraphically-bound quartz pebble conglomerate beds that demonstrate remarkable consistency over extensive areas. The mineralization on our property occurs in a geological environment typical of the camp, and similar to several past-producing mines on adjacent properties, including the Algom Nordic, Lacnor, and Stanleigh mines.

TNR: *What is your current schedule for completing the technical and economic assessment of Elliott Lake and pre-feasibility study of the property?*

Shefsky: A two-stage program was recommended in the technical report. The first-stage program, including development of an environmental management plan, drilling, metallurgy, and leach testing, is underway and on schedule. We expect the second phase preliminary feasibility study to begin this summer.

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*—Alan Shefsky
President, CEO, & Director
Pele Mountain Resources*

TNR: *Are there any special technical challenges to uranium mining in the Elliott Lake area?*

Shefsky: Elliot Lake was a prolific uranium mining camp that produced more than 300 million pounds U₃O₈ from large, gently dipping conglomerate reefs. The mining and processing methods used there were straight forward and are well known. The same can be said for the regional geology and it’s worth mentioning that the bedrock we are working with at Elliot Lake is extremely competent and much more stable than the sandstone deposits of the Athabasca Basin where water inflow problems have occurred.

TNR: *What environmental challenges does your company expect to face in permitting the project for development?*

Shefsky: There are stringent but well-understood environmental standards in place at both the provincial and federal levels for mining projects in northern Ontario. We are aware of these requirements and well-advised by experts in this field. We are currently developing an environmental management plan that will provide a road map to establish best practices and to guide the program through the permitting process.

Operating in an established mining camp can present significant advantages because there is a vast amount of baseline environmental data available and years of experience to help understand what works well from past projects. The environmental aspects of this project are of paramount importance to its success. Our goal is to not only be satisfied with regulatory compliance but to do what we can to preserve the natural balance in this beautiful area of northern Ontario.

TNR: *The recently published NI 43-101 technical report states that surface leaching may be an option at the Elliott Lake project. What are the benefits of surface leaching as opposed to conventional milling?*

Shefsky: The capital costs and operating costs to recover uranium from surface leaching can be substantially lower than conventional milling.

TNR: *What is your cost estimate for developing the Elliott Lake uranium property?*

Shefsky: The cost for advancing the project from its current status through the pre-feasibility

Recent Developments

stage is estimated to be approximately C\$5.5 million. This figure is based on the detailed recommendations set out in our 43-101 report. We are currently conducting environmental, technical, and economic assessments in order to optimize the mining and processing parameters to be utilized in the pre-feasibility study.

There are distinct opportunities to maximize revenues and reduce costs that are currently being systematically reviewed by a team of experts with operational experience at Elliot Lake. These opportunities include mining higher than average grade, near-surface portions of the deposit during the first few years, recovering rare earth elements and the use of underground and/or surface leaching techniques. Upon completion of the ongoing assessments, the pre-feasibility study will evaluate operating and capital

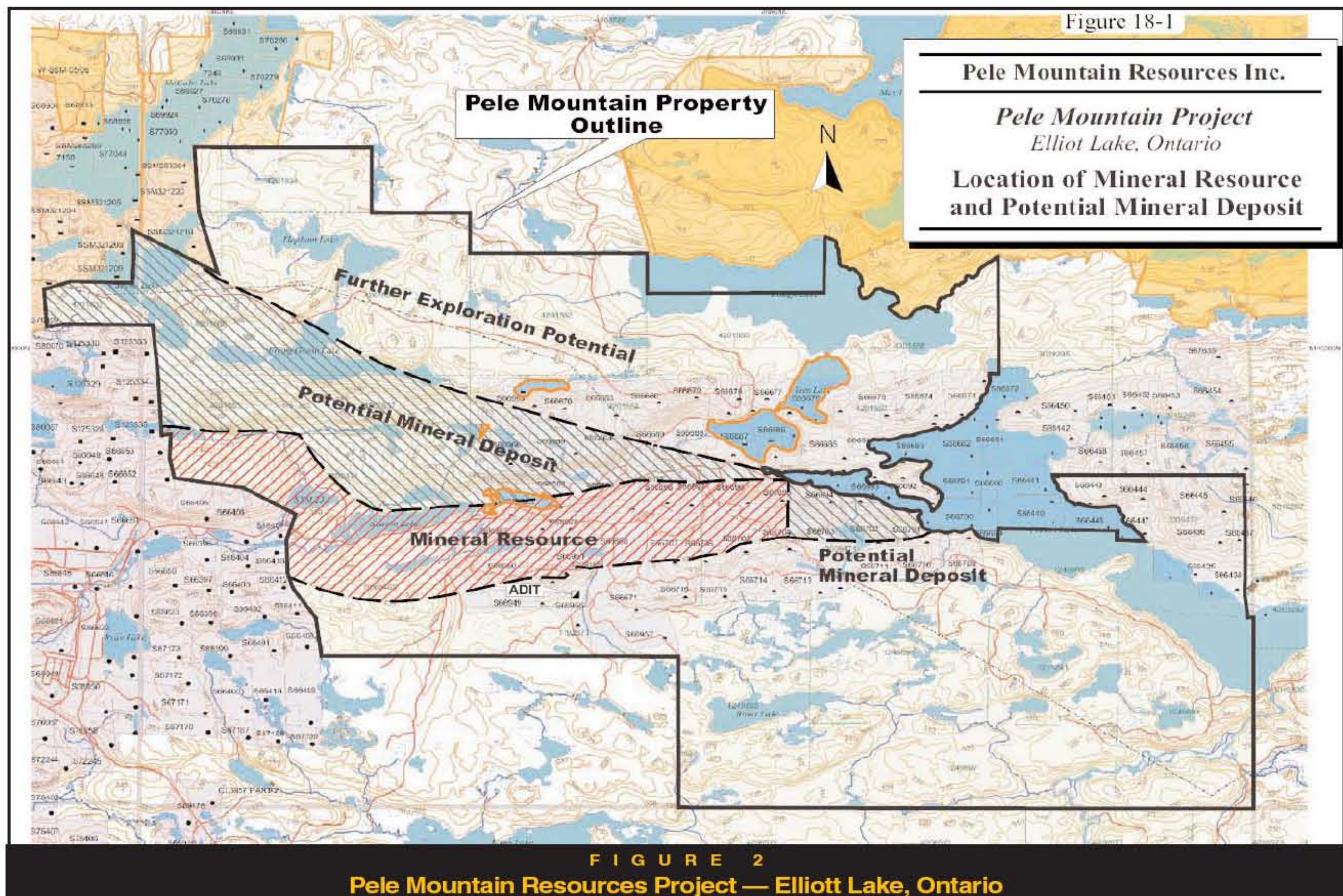
costs for a potential uranium mine at the project.

TNR: *In addition to the uranium mineralization at Elliott Lake, are there any by-product minerals that could potentially add value to the property?*

“There are opportunities to maximize revenues and reduce costs [at Elliott Lake], including mining higher than average grade, near-surface portions of the deposit initially and recovery of by-product rare earth elements.”

—Alan Shefsky
President, CEO, & Director
Pele Mountain Resources

Shefsky: Yes. We are very excited about the presence of rare earth elements that occur in association with the uranium mineralization. As part of our first-stage program, we’ve commenced a study to determine the technical and economic viability of recovering Rare Earth Oxides and using them to produce marketable products. This is not a new concept in the Elliot Lake camp. Denison Mines operated a yttrium processing facility that supplemented revenues from their uranium production. The current world market for rare earth elements is expanding rapidly due to the increasing use of rare earths in high tech applications including batteries for hybrid automobiles, flat screen TVs, and computer screens.



TNR: *Pele Mountain is presently focused on developing the Elliott Lake uranium project. Does the company have plans to pursue the acquisition of other uranium properties in Canada?*

Shefsky: Pele's focus is on northern Ontario where we have worked exclusively for the past ten years. Ontario has world-class uranium deposits and is a mining-friendly jurisdiction that we understand and are comfortable working in. It is also our home. The best place to look for uranium in Ontario is at Elliot Lake. We are continuing an active campaign to expand our claim holdings within this historically prolific uranium mining camp.

TNR: *Pele Mountain has been listed on the TSX Venture Exchange since November 29, 2002. What is the market capitalization of the company today?*

Shefsky: Pele Mountain has 73.3 million shares issued and 79.9 million shares fully diluted. The company's market capitalization is \$63,108,400 (as of close on March 20, 2007).

TNR: *Many junior uranium explorers have joined the industry over the past few years. What sets Pele Mountain Resources apart from other junior uranium explorers?*

Shefsky: Pele offers investors that desire an "energy hedge" far more than the vast majority of our peers. While there are many highly-qualified, well-funded, well-known companies exploring for uranium deposits in high-potential areas, we already have one—and it's very big. Many market analysts are forecasting significantly higher uranium prices in years to come. If such predictions come to fruition, there are very few companies more leveraged to the price of uranium and poised to benefit more than Pele Mountain.

I'd also like to emphasize my belief that investment in Pele at today's price level represents a unique opportunity. Although our shares have appreciated significantly since we acquired this project, they still trade at a significant discount to our peer group based on a comparison of enterprise value per pound of U₃O₈ in the ground. While we acknowledge that there may be higher-grade or lower-cost deposits among our peer group, we have

several advantages over many other deposits including our large 43-101 compliant mineral resource, our outstanding exploration potential, and our geopolitically stable, pro-mining jurisdiction. Moreover, and, perhaps most importantly, our Elliot Lake project has the advantage of being within an established and historically prolific mining camp where many technical questions are already answered and infrastructure and expertise are plentiful.

Our recent emergence within the uranium sector and the lack of analyst coverage to-date, may, in part, explain why Pele is undervalued compared to some of the more mature companies in the uranium space. With a 43-101 mineral resource of 33 million pounds U₃O₈ and the strong potential to expand its size, we expect to become more visible as analyst coverage commences in the weeks and months ahead.

¹The 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.