

Pele's revised Preliminary Economic Assessment on the advancement of Eco Ridge, a rare earth and former uranium mine



September 23, 2013 – Tracy Weslosky, Publisher of InvestorIntel interviews Al Shefsky, President and CEO of Pele Mountain Resources Inc. (TSXV: GEM | OTCQX: GOLDF) and

discusses Pele Mountain's competitive advantages at the company's flagship Eco Ridge Mine Rare Earth and Uranium Project, yttrium and other critical rare earths, and Pele's updated NI 43-101 Resource Estimate and Preliminary Economic Assessment.

Pele Mountain is focused on the sustainable development of Eco Ridge. Eco Ridge is located in Elliot Lake, the former "uranium mining capital of the world" and the only Canadian mining camp to have ever achieved commercial rare earth production. Elliot Lake was historically the major source of heavy rare earth production in North America. With well-understood geology and mineralogy, excellent regional infrastructure, and strong local support, Eco Ridge is an ideal location for the development of a safe, secure and reliable long-term supply of uranium, critical rare earths and scandium.

Tracy starts: Can you give our audience an overview on the Pele Mountain competitive advantage?

Al: Elliot Lake is an established and proven mining camp for both uranium and rare earths. It's a strong advantage to be working in a proven mining camp. Because there were 12 big mines there historically, we have all the requisite infrastructure – the roads, power, the people, gas lines, deep-water ports, airport, rail – you name it, it's already there. Of course that's a strong advantage in terms of keeping capital costs down and keeping the timelines short to actually getting up and running.

Tracy: **Isn't your number-one competitive advantage that you have both uranium and rare earths?**

Al: That's a good point. The diversification in revenue sources is a strong competitive advantage. In fact, with the recent 43-101 resource update we put out with expanded higher grade zones, we're seeing in the first 5 years of mine life, that uranium revenues will more than offset all of the operating costs, really reducing the risk for the rare earth side of the operation. Beyond that, uranium revenues continue to offset the vast majority of the operating costs.

Tracy: **You recently put out a resource update, which you just referenced. Can you tell our audience what it actually means?**

Al: It's a big deposit. In Elliot Lake there were 12 big mines historically that were virtually the same deposit being mined – big quartz pebble conglomerate reefs. On our project at Eco Ridge, it goes for five kilometers along strike; it's been drilled down dip for 4 kilometers and it's basically that whole area. The deposit is very consistent in thickness and grade. When we did the 43-101 resource update recently, we see an expansion in the uranium and rare earth resources and a very big expansion in the higher-grade core zone, which we'll be mining early in the mine life – and that will have a big impact on the project economics.

Tracy: **We've had Jack Lifton and Professor Dudley Kingsnorth**

talk about the rare earths that are in demand. And if I've read your corporate presentation properly, you have many of them – like yttrium. Could you kind of give InvestorIntel viewers an overview on the rare earths that you have?

Al: At Elliot Lake, they produced 35% of the global supply of yttrium historically, in the late 1980s. It's a big part of it and the yttrium's associated with the uranium minerals, so we get excellent extraction as well. We have all of the critical rare earths at Eco Ridge and that will account for the vast majority of the revenue that comes in from the rare earths side of the project.

Tracy: I don't think that many people actually understand that Elliot Lake has historically produced rare earths.

Al: That's right, it's the only mining camp in Canada that has commercially produced rare earths. And it was the major source of heavy rare earths for all of North America. So it's got this track record, it's all been done before and it gives us a strong competitive advantage moving forward. We're working with guys who actually did the processing in the past; SNC-Lavalin has a processing engineer who operated the rare earth recovery plant. As a result, we have that unique skill set working on the project and that's going to help us advancing through licensing and to operations.

Tracy: Don't you also have a sizeable amount of property right next door to Molycorp?

Al: It's actually right within Molycorp's property boundaries at their Mountain Pass Mine. I wouldn't call it a vast property, but it's an important property because we've sampled high-grade rare earths on the property. There's a wonderful geophysical target associated with that high-grade surface sampling. I think it's very significant. It's in that same complex where their (Molycorp's) big pit is, only 1.8 kilometers away from their pit.

Tracy: So what's next for Pele Mountain?

Al: Well, we've made a lot of progress to get to this point. We've done a 43-101 Preliminary Economic Assessment that looks very positive, with a net present value of over \$1 billion. The next step is to move into licensing and feasibility. We've got a little bit more process optimization work on the go (that will be followed by a pilot plant operation). The critical timeline or the critical path is licensing, with the Canadian Nuclear Safety Commission, to get a license to build this mine.

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