



Pele Mountain Resources Inc.

Symbol: PELE
Market: Canadian Dealing Network
Shares outstanding: 16,371,738

Pele Mountain Acquires Exclusive Rights at New Property in Wawa Area Diamond Rush

FOR IMMEDIATE RELEASE

May 8, 2000, Toronto: Pele Mountain Resources Inc. (“**Pele**”) is pleased to announce that Pele has entered into an exclusive exploration license agreement (the “**License Agreement**”) with 3011651 Nova Scotia Limited (the “**Property Owner**”) relating to an area of 12 square kilometres in Lalibert township, 25 kms north of Wawa (the “**Festival Property**”). The exploration license provides Pele with the exclusive right to conduct mineral exploration and bulk sampling on the Festival Property and, at the option of Pele, to have portions of the licensed area brought to lease and into commercial production subject to a 3% Royalty in favor of the Property Owner.

The License Agreement is for an original term of five (5) years with a right to renew for a further five (5) year term. The license fee for the first year (the “**base fee**”) is \$500 per square kilometre or \$6,000 in the aggregate. The fee for each of the remaining four (4) years of the initial term is based on a formula of 50% of the base fee plus \$250 per square kilometre remaining under license. For each year of the five (5) year renewal term, the license fee is 60% of the base fee plus \$300 per square kilometre remaining under license.

In conjunction with the License Agreement, Pele has agreed to pay Geocanex Ltd., an arm’s length mineral exploration and consulting firm and the former licensee of the Festival Property, \$25,000 upon full execution of the License Agreement plus an additional \$275,000 payable in cash or stock over the next three years. Geocanex will have a 5% carried interest in the net profits actually received by Pele from any mining operations on the Festival Property. Pele has also retained Geocanex Ltd. as a consultant to provide its expertise and familiarity with the Festival Property and to assist Pele in its exploration activities to be conducted thereon, and in consideration therefor, Pele granted to Geocanex Ltd. an option to purchase 200,000 common shares of Pele at \$0.40 per share under its 1997 Stock Option Plan.

The License Agreement and the agreements with Geocanex Ltd. remain conditional at the option and for the sole benefit of Pele until May 31, 2000 to allow for the postponement and subordination in favour of Pele of certain other interests registered on title to the Festival Property.

The Festival Property is located at the center of an area that is currently experiencing intensive diamond exploration activities by junior and senior mining companies following several new diamond discoveries in Lalibert and adjoining townships. These new diamond discoveries have been hosted in xenolith bearing rocks. The original diamond discovery in this type of host rock is located in a road cut on the Trans Canada Highway, approximately 1 km from the Festival Property boundary and appears to be striking in a direction towards the Festival Property. Several other xenolith bearing outcrops have been confirmed to be diamondiferous on Band-Ore Resources’ GQ property in the adjoining township to the south. Terry Nicholson, one of the co-discoverers of the diamond occurrences on Band-Ore’s GQ Property, has identified similar appearing xenolith bearing outcrops on the Festival Property.

In addition to the Festival Property, Pele owns a 100% interest in two other prospective diamond exploration properties in the “Gem Corridor” near Wawa, the 10,000 + acre Wawa Project and the original Nicholson Ultramafic Dike Property south of Wawa. The 2000 field season has begun and a team of experienced prospectors are currently exploring Pele’s Wawa area properties.

Pele is in the business of acquiring mineral resource properties in Canada and carrying out mineral exploration and development activities thereon in search of economic deposits of diamonds, gold and other precious metals and minerals.

For further information, please contact Al Shefsky at (416) 368-7224 or visit our website at www.pelemountain.com