FORM 27 – MATERIAL CHANGE REPORT UNDER SECTION 75(2) OF THE *SECURITIES ACT* (ONTARIO)

*Note: This Report is itemized pursuant Form 27 of the Securities Act (Ontario) (the "**Act")**, and is being filed concurrently with the Alberta Securities Commission and British Columbia Securities Commission. This Report is also being filed with the Canadian Venture Exchange.*

1. **Reporting Issuer**

   Pele Mountain Resources Inc. (the "**Issuer**")
   2200 Yonge Street
   Suite 1002
   Toronto, ON M4S 2C6

2. **Date of Material Change**

   May 7, 2002

3. **Press Release**

   Press Release issued on May 8, 2002 via a Canadian news wire service. A copy of the Press Release has been filed via SEDAR.

4. **Summary of Material Change**

   The Issuer announced that on May 8, 2001 the Canadian Venture Exchange Inc. ("**CDNX**") approved the Issuer's proposed issuance of a total of 367,647 common shares from treasury at an attributed value of $0.272 per share effective as of May 1, 2002 in full satisfaction of a debt obligation in the amount of $100,000 with an arm's length creditor. The 367,647 common shares have a 12 month hold period commencing from the date of issuance.

5. **Full Description of Material Change**

   Please see attached Press Release issued May 8, 2002.

6. **Reliance on Section 75(3) of the Act**

   Not Applicable.

7. **Omitted Information**

   No information has been omitted from this material change report.

8. **Senior Officer**

Alan L. Shefsky, President, Chief Executive Officer and Director
Telephone: (416) 368-7224
Facsimile: (416) 368-7230
Internet: www.pelemountain.com

9. **Statement of Senior Officer**

The foregoing accurately discloses the material change referred to herein.

DATED at Toronto this 8th day of May, 2002.

PELE MOUNTAIN RESOURCES INC.

Per: "Alan L. Shefsky"
Alan L. Shefsky
President and Chief Executive Officer

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Pele Mountain Resources Inc.

Symbol: YPN
Listing: The Canadian Venture Exchange
Common Shares Outstanding: 25,056,628

FOR IMMEDIATE RELEASE

May 8, 2002, Toronto: Pele Mountain Resources Inc. (**CDNX:YPN**) ("**Pele**") announced today it has issued 367,647 common shares from its capital stock to Geocanex Ltd. pursuant to the terms of the acquisition of an exclusive exploration license agreement relating to the original 12 square km Festival Property, located 25 km north of Wawa. The common shares were issued with CDNX approval in full satisfaction of a $100,000 debt obligation that was due May 1, 2002.

Pele is a Canadian mining exploration and development company and a leader in the search for economic diamond deposits in Northern Ontario. Pele owns or has exclusive mineral rights in more than 100 square kilometres in the active diamond exploration area north of Wawa. Pele also owns a 100% interest in two gold projects in northwestern Ontario with established resources and a history of successful gold mining.

Currently, Pele has 25,056,628 common shares issued and outstanding, which total includes the issuance of the 367,647 common shares referred to above.

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

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The Canadian Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.