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

*Note: This Material Change 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 Material Change Report is also being filed with the TSX Venture Exchange.*

1. **Reporting Issuer**

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

2. **Date of Material Change**

   January 22, 2003

3. **Press Release**

   See Press Release issued by the Issuer on January 22, 2003 via a Canadian news wire service, a copy of which has been filed via SEDAR and is attached hereto.

4. **Summary of Material Change**

   The Issuer announced a significant discovery of, among other diamonds, a 0.72 carat, white gem quality diamond named "**The Big Goose**" in the Wawa, Ontario area known as the "**Festival Property**". The Issuer has a 100% controlling interest in the mineral rights to the Festival Property. In addition to The Big Goose, a find of 39 commercial size diamonds greater than a 0.65 mm square mesh sieve size having an aggregate weight of 1.142 carats and 57 additional diamonds greater than 0.6 mm square mesh sieve size having an aggregate weight of 0.234 carats.

5. **Full Description of Material Change**

   Please see attached Press Release issued January 22, 2003.

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 and Chief Executive Officer
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, Ontario this 23rd day of January, 2003.

PELE MOUNTAIN RESOURCES INC.

"Alan L. Shefsky"

Per: ___________________________________

Name: Alan L. Shefsky
Title: President and Chief Executive Officer

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Pele Mountain Resources Inc.

Symbol: YPN
Listing: TSX Venture Exchange
Common Shares Outstanding: 28,239,354

Pele Mountain Discovers Big Diamond

FOR IMMEDIATE RELEASE

January 22, 2003, Toronto: Pele Mountain Resources Inc. (**TSX Venture:GEM**) ("**Pele**") is pleased to announce the breakthrough discovery of a big diamond from the Festival Property, where Pele controls a 100% interest in the mineral rights. The 0.72 carat, white, gem quality diamond is the biggest diamond recovered from bedrock in the Wawa area. The diamond has been named "The Big Goose" after the English translation of the Ojibway word "Wawa". This profoundly important discovery confirms the presence of a population of large, gem quality diamonds, and further demonstrates the strong economic potential of the extensive diamond deposits on Pele's Festival Property.

The 0.72 carat diamond measured 4.42mm x 4.28mm x 3.58mm and was recovered from a 13 tonne bedrock sample blasted from Pele's Cristal diamond occurrence. The sample was processed and the diamonds were recovered and reported by SGS Lakefield Research Ltd. ("**SGS Lakefield**"). In addition to "The Big Goose", a total of 39 commercial size diamonds greater than a 0.85mm square mesh sieve size were also recovered. The total aggregate weight of the commercial size diamonds was 1.142 carats. The recovered grade of the commercial size diamonds is in the range of currently producing diamond mines. SGS Lakefield also reported recovering 57 additional diamonds greater than a 0.6mm square mesh sieve with an aggregate weight of 0.234 carats.

The 13 tonne sample was collected from Pele's Cristal diamond occurrence in 2001 at the same time that a 100 tonne sample from the site was collected (see Pele's press release dated February 14, 2002). The 13 tonne sample was placed in ore bags, sealed with security tags and stored in a secure location until the sample was transported to SGS Lakefield during December of 2002. The sample arrived at SGS Lakefield with all security seals intact. The sample was then crushed, screened and processed through a magnetic separation circuit at SGS Lakefield. Magnetic separation is an established technique and commonly used to recover diamonds at producing diamond mines.

In addition to the implementation of the standard SGS Lakefield quality control and security measures, Dr. Edward Walker, P.Geo., an independent consultant, was retained to oversee and monitor additional quality control and quality assurance activities during the processing of the sample. The results of the 13 tonne sample builds on the success achieved by Pele last field season in demonstrating the magnetic separation technique as an important and cost-effective tool for processing exploration samples from the diamond deposits at the Festival Property.

Pele is a Canadian mining exploration and development company and a leader in the search for economic diamond deposits in Northern Ontario. Pele controls a 100% mineral rights interest in the 101 square km Festival Diamond Property, which is located 25 kms north of Wawa. Pele also owns a 100% interest in two gold projects in northwestern Ontario. This press release had been reviewed and approved by Dr. Edward Walker, P.Geo., of PetroLogic Inc., an independent consultant and Qualified Person.

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