FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

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

Item 2. Date of Material Change

December 31, 2004.

Item 3. Press Release

Press releases issued by the Issuer on December 31, 2004 via a Canadian news wire service, copies of which have been filed via SEDAR.

Item 4. Summary of Material Change

Announcement of private placement.

Item 5. Full Description of Material Change

The Issuer announced that it has completed, a private placement to four (4) arm's length subscribers of a total of 191,000 flow-through units in the capital of the Issuer (each a "**Flow-Through Unit**") at a purchase price of $0.27 per Flow-Through Unit for gross proceeds of $51,570 (the "**Offering**"). Each Flow-Through Unit is comprised of one (1) flow-through common share (each a "**Flow-Through Share**") and one-half (1/2) non-transferable Series Q purchase warrant (each a "**Series Q Warrant**"), where each whole Series Q Warrant is exercisable until December 31, 2005 to purchase one (1) additional common share of the Issuer at a purchase price of $0.35 per share. The securities underlying the Flow-Through Units, including the Flow-Through Shares and Series Q Warrants issued under the Offering and the common shares of the Issuer issuable upon due exercise, if any, of the Series Q Warrants, will all be subject to a four-month statutory hold expiring on May 1, 2005. The completion of the Offering remains subject to regulatory acceptance of applicable filings.

All proceeds raised under this Offering will be used by the Issuer to finance qualified Canadian exploration and development expenditures on its Canadian resource properties. All costs associated with the Offering will be paid by the Corporation from its general funds. No finder's or agent's commissions or fees were paid in connection with the Offering.

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

Not Applicable.

Item 7. **Omitted Information**

No information has been omitted from this material change report.

Item 8. **Senior Officer|**

The following senior office of the Issuer is knowledgeable about the material change and the Report and may be contacted by the Commission as follows:

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

DATED at Toronto as of January 5, 2005.

PELE MOUNTAIN RESOURCES INC.

Per: "Alan L. Shefsky"

ALAN L. SHEFKSY
President and Chief Executive Officer