

**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

August 30, 2006

Item 3. Press Release

Press release issued by the Issuer on August 30, 2006 via a Canadian news wire service, a copy of which has been filed via SEDAR.

Item 4. Summary of Material Change

Announcement with respect to the results from diamond sampling programs at the Issuer's Highland and Festival projects near Wawa in northern Ontario.

Item 5. Full Description of Material Change

The Issuer announced results from diamond sampling programs at its Highland and Festival projects near Wawa in northern Ontario. The Issuer controls more than 250 square-kilometres of mining claims and mineral rights interests in the Wawa area, where it has made numerous diamond discoveries over the last several years, and continues to identify new bedrock sources of commercial size and gem quality diamonds.

Highland Project

Pele Gold Corporation ("**Pele Gold**") recently discovered a mica kimberlite dike (the "**Talisker Diamond Occurrence**") at Highland that has been drill-tested along a strike length of more than 1,100 metres, to a depth of over 100 metres, across widths of between 4 to 10 metres, and is open in all directions. The Highland Project is 100-percent owned by Pele Gold, a wholly-owned subsidiary of the Issuer.

A recently acquired sample weighing 1,311 kilograms of HQ-size drill core was processed by Saskatchewan Research Council (SRC) laboratory by caustic digestion to recover diamonds greater than 425-micron square mesh sieve size. A total of 34 diamonds were recovered from the sample, weighing a combined total of 0.15 carats, and described as primarily colorless or white octahedrons as indicated in the table below:

Sieve Size Fraction in Microns	X (mm)	Y (mm)	Z (mm)	Weight of Diamond (mg)	Color	Shape
+1180	1.92	1.46	0.80	3.936	Colorless	Octahedron
+850	1.82	1.12	0.66	2.779	Colorless	Fragment
+850	1.60	1.20	0.92	2.570	Colorless	Fragment
+850	1.50	1.06	0.92	2.703	Colorless	Octahedroid
+850	1.24	0.90	0.72	1.250	Colorless	Fragment
+850	1.22	1.18	0.72	1.268	White	Fragment
+850	1.10	1.06	0.94	1.441	White	Octahedron
+850	1.10	1.00	0.90	1.741	Colorless	Octahedron
+600	1.28	0.72	0.60	1.374	White	Octahedron
+600	1.20	0.68	0.50	0.578	Colorless	Fragment
+600	1.10	0.64	0.42	0.430	Colorless	Fragment
+600	1.08	0.98	0.72	1.051	Yellow	Dodecahedron
+600	1.00	0.84	0.76	0.723	Yellow	Aggregate
+600	0.84	0.72	0.52	0.481	Colorless	Octahedroid
+600	0.82	0.68	0.68	0.640	White	Dodecahedron
+600	0.80	0.76	0.62	0.515	Colorless	Octahedron
+600	0.78	0.68	0.64	0.543	Grey	Octahedron
+425	1.14	0.62	0.40	0.440	Colorless	Fragment
+425	1.02	0.56	0.48	0.392	Colorless	Fragment
+425	0.98	0.58	0.30	0.172	White	Fragment
+425	0.98	0.48	0.28	0.329	Colorless	Fragment
+425	0.96	0.52	0.50	0.333	Colorless	Fragment
+425	0.92	0.48	0.40	0.480	Colorless	Octahedron
+425	0.80	0.50	0.40	0.354	White	Octahedroid
+425	0.78	0.58	0.32	0.229	Colorless	Fragment
+425	0.76	0.52	0.26	0.395	Colorless	Octahedron
+425	0.74	0.60	0.40	0.220	White	Fragment
+425	0.70	0.60	0.40	0.483	Colorless	Octahedroid
+425	0.68	0.60	0.46	0.345	Colorless	Octahedron
+425	0.66	0.64	0.54	0.274	Colorless	Octahedron
+425	0.66	0.52	0.46	0.248	White	Octahedron
+425	0.66	0.50	0.44	0.224	Colorless	Octahedron
+425	0.64	0.56	0.52	0.282	Colorless	Octahedron
+425	0.60	0.56	0.52	0.285	White	Octahedron

Festival Project

A 500-tonne bulk sample program, consisting of a 300-tonne sample from the Cristal occurrence and two 100-tonne samples from the Deutz occurrence (one each from Upper and Lower stratigraphic layers), was conducted at Festival in late-2005. Cristal was the site of past sampling efforts that recovered a 0.72-carat gem quality diamond. Deutz was the site of a drill program that confirmed subsurface continuity of Festival's 1500 metre by 800 metre South Zone. Goldcorp Inc. (TSX:G; NYSE:GG) has funded sufficient work to earn a 50-percent interest in Festival from the Issuer, and has the right to increase the

interest to 60-percent by funding a further \$1 million to bring its cumulative funded exploration expenditures to \$2.5 million. Goldcorp will elect whether to pursue the additional 10% interest by the earlier of year-end 2006 or sixty days following receipt of a project technical report for the bulk sampling program completed to the satisfaction of the joint management committee.

Results from the Festival bulk sample program again confirm the presence of commercial size, gem quality diamonds within the targeted ultramafic volcanics across an extensive area. Results from Cristal were similar to previous bulk sample data while the Deutz 1 (Upper) and Deutz 2 (Lower) samples indicate for the first time that the South Zone ultramafic mass flow units also contain commercial size, gem quality diamonds.

The 500 tonnes of bulk sample material were processed by DRA Americas of Lakefield, Ontario (“**DRA**”) using magnetic separation followed by dense media treatment of the non magnetic concentrates to recover diamonds greater than 800-micron square mesh sieve size. Results are summarized as follows:

- From the 300-tonne Cristal sample, 648 diamonds were recovered weighing a combined 7.84 carats and with the largest diamond remaining on the 1.70 mm screen.
- From the 100-tonne Deutz Upper sample, 13 diamonds were recovered weighing a combined 0.49 carats and with the largest diamond remaining on the 2.36 mm screen, weighing 0.24 carats.
- From the 100-tonne Deutz Lower sample, 14 diamonds were recovered weighing a combined 0.26 carats and with the largest diamond remaining on the 1.18 mm screen.

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 as of August 30, 2006.

PELE MOUNTAIN RESOURCES INC.

"Alan L. Shefsky"

Per: _____

ALAN L. SHEFSKY

President and Chief Executive Officer