

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

**Item 1. Name and Address of Company**

Pele Mountain Resources Inc. ("**Pele**" or the "**Company**")  
2200 Yonge Street  
Suite 905  
Toronto, ON M4S 2C6

**Item 2. Date of Material Change**

September 26, 2012

**Item 3. News Release**

Press release issued by Pele on September 26, 2012 via a Canadian news wire service, a copy of which has been filed via SEDAR.

**Item 4. Summary of Material Change**

Pele announced that it has acquired a block of contiguous mining claims comprising approximately 186 acres (Pele's "**Mountain Pass Project**") that are surrounded by Molycorp's Mountain Pass rare earth property, along strike and just 1,800 metres southeast of the Mountain Pass Mine.

**Item 5. Full Description of Material Change**

Pele President and CEO Al Shefsky stated, "With this acquisition, we are now strategically positioned in the only two North American mining camps to ever achieve significant commercial rare earth production from hard rock mining: Mountain Pass, California and Elliot Lake, Ontario. Mountain Pass is North America's premier rare earth mining camp and Elliot Lake was once the major source of heavy rare earth and yttrium production in North America. Both locations offer compelling competitive advantages compared to other emerging rare earth development projects, including extensive existing regional infrastructure, favourable mineralogy and metallurgy, and political stability."

The seller of Pele's Mountain Pass Project is a company (the "**Seller**") owned by the family of Peter Simon II, the son of Peter "Pop" Simon, the prospector who originally staked much of the Mountain Pass area more than 60 years ago. For more background on the Simon Rare Earth Claims, please see [Pele's press release dated March 6, 2012](#).

The terms of the Agreement include the following:

1. Pele has issued 4-million common shares to the Seller, who has agreed to a 12-month contractual hold period, reflecting the Simon family's long term commitment to the advancement of the project.
2. Seller has retained a 2-percent production royalty (the "**Production Royalty**") on all minerals mined on the property, subject to the right of Pele to buy back 1-percent of the Production Royalty for U.S. \$2-million, escalated annually by a factor equal to the Producer Price Index.

3. Pele must complete a total of U.S. \$2-million of exploration work on the property within five years beginning with a Phase 1 Exploration Program to be completed within two years of closing of the acquisition. The Phase 1 Exploration Program includes: compilation of historic data, geological mapping, radiometric survey, sampling of pits and trenches, surface sampling, petrological analysis, mineralogical analysis and drill program planning.
4. If Pele sells the Simon Rare Earth Claims to an arm's length third party, the Seller will receive 10-percent of the proceeds from the sale and a minimum royalty (the "Minimum Royalty") of U.S. \$12,000 per year will become payable to the Seller, increasing by U.S. \$12,000 per year until it reaches a maximum of U.S. \$120,000 per year. The Minimum Royalty shall not apply in the case of an earn-in agreement with a third party while work on the property is advancing.
5. Seller has been granted a security interest in the Simon Rare Earth Claims to secure performance of certain terms in the Agreement.
6. Pele has issued a total of 200,000 common shares to two arm's length individuals as a fee for services related to the introduction of Pele to the Seller.
7. The Purchaser of the claims is Mountain Pass Resources Inc., a Nevada corporation and a wholly owned subsidiary of Pele.

Please see Schedule A for a satellite photo of Pele's Mountain Pass Project.

**Item 6. Reliance on sub-section 7.1(2) or (3) of National Instrument 51-102**

Not Applicable.

**Item 7. Omitted Information**

No information has been omitted from this material change report.

**Item 8. Executive Officer**

The following senior officer of Pele 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: <http://www.pelemountain.com>

**Item 9. Date of Report**

September 28, 2012.

## SCHEDULE "A"

