

TORONTO, ONTARIO--(Marketwired - Jun 1, 2017) - [Pele Mountain Resources Inc.](#) (TSX VENTURE:GEM) ("Pele" or the "Company") today announced the signing of a non-binding letter of intent ("LOI") with Enirgi Group Corporation ("Enirgi Group"), changes to its management team, and the sale of its Eco Ridge project.

Pele has entered into a non-binding LOI with Enirgi Group as a new strategic direction for the Company. Enirgi Group is actively developing opportunities for its direct-extraction process ("DXP") lithium processing technology within North America. Under terms of the LOI, Pele will become the vehicle for this opportunity, in exchange for a controlling interest by Enirgi Group.

Rob Scargill has been appointed as Pele's Interim President and CEO, to guide Pele's transition with its new strategic relationship with Enirgi Group, until further notice. Mr. Scargill is a qualified Mining Engineer whose 28-year career includes experience in mine management, mine operations, and mine development, along with executive positions at Australian and Canadian public companies. Mr. Scargill has been with the Enirgi Group since 2009. Pele's Chairman, Wayne Richardson, is the President and CEO of Enirgi Group.

Mr. Scargill stated, "Enirgi is commissioning its commercial-scale DXP demonstration plant in Salta, Argentina and is successfully producing lithium carbonate on a daily basis. We see excellent potential for Pele to apply this technology in North America and are already investigating opportunities with existing brine resource holders to partner on unlocking lithium production adjacent to Tesla's Gigafactory."

Terms of the LOI include that Enirgi will be issued 85-percent ownership of Pele on a fully-diluted basis. In consideration, Pele and Enirgi will enter into a: (i) Management Services Agreement pursuant to which Enirgi shall provide management services to Pele; (ii) Technology Agreement to provide Pele exclusive rights to and to exclusively develop and market Enirgi's DXP technology in North America, and not to license the said technology to any other third party in North America; and (iii) Marketing Agreement pursuant to which Enirgi will provide Pele, access to its direct extraction technology and marketing services. In addition, the parties will endeavor to work together to undertake lithium brine exploration and development in North America and identify and implement the most efficient and economic solutions to explore, extract, concentrate, and convey lithium brine.

In addition to leading these efforts, Mr. Scargill is also empowered to lead Pele's capital restructuring and amelioration of the Company's financial position.

The LOI with Enirgi Group and the transactions contemplated thereby remains subject to negotiation and settlement of definitive agreements, which is expected by June 30, and shareholder and regulatory approvals.

Following an internal review of its Eco Ridge project, Pele's Board has concluded that due to continuing weak uranium and rare earth prices, Eco Ridge remains uneconomic and offers limited short or mid-term benefit to shareholders. Moreover, due to prevailing weak rare earth prices, Pele has also been unable to generate the necessary support for its proposed monazite processing facility in Elliot Lake. Therefore, the Company has entered into a sale agreement with an arm's-length purchaser to sell the claims, surface rights and leases comprising Eco Ridge for gross proceeds of \$380,000 payable in cash, which closed late in the afternoon on June 1st.

Al Shefsky, Pele's President and CEO and a director since its founding more than twenty years ago, has resigned his executive and board positions with Pele, effective immediately. Pele's Board of Directors would like to thank Mr. Shefsky for his commitment and dedication over many years on behalf of the Company and wishes him well in his future endeavours.

The Company and Mr. Shefsky have signed a mutual termination and release agreement (the "Release Agreement") pursuant to which, among other things, Pele has agreed to make a payment of \$80,000 (subject to applicable withholdings) to Mr. Shefsky and to extend his existing stock options for a period of 1 year from today's date in full and final satisfaction of any and all salary and severance obligations (accrued and otherwise). Mr. Shefsky has agreed to provide Pele with some modest transition support and the parties exchanged full and final releases.

Mr. Shefsky commented, "It has been my great privilege to work at Pele Mountain Resources during the past two decades. I want to thank the members of the Board and the valued employees of Pele for the opportunity to work with such a talented and dedicated team. Going forward, Rob Scargill will be the Interim- President and CEO of Pele. Rob is a highly qualified professional with extensive expertise in mining and processing operations and works with the capable and dynamic team at Enirgi Group. I wish Rob and everyone at the Company well as Pele goes forward to pursue the exciting new opportunity outlined in the LOI announced today".

Concurrent with the aforementioned developments, Pele also announced its intention to proceed with the consolidation of its common shares on the basis of 10 pre-consolidation common shares for each one post-consolidation common share (the "Consolidation"), which was previously approved by its shareholders at its annual and special meeting held on March 9, 2017. The Company expects the Consolidation to take effect on June 9, 2017. The Consolidation will reduce the number of issued and outstanding common shares of the Company from 209,996,930 pre-Consolidation common shares to approximately 20,999,693 post-Consolidation common shares. The Company's trading symbol will remain "GEM" on the TSX-V.

About Enirgi Group

Enirgi Group is a privately held multi-national conglomerate that owns and operates a portfolio of assets and operations located around the world in the manufacturing, chemicals, engineering and resources space. Enirgi Group's newly formed Advanced Materials Division is advancing the development of a lithium brine project at the Salar del Rincon in the province of Salta, Argentina.

Enirgi Group is wholly-owned by Sentient Group of Global Resource Funds. The Sentient Group Limited is an independent private equity investment firm specializing in the global resources industry with over \$2.7 billion of assets under management in metal, mineral and energy assets across the globe.

About Pele

[Pele Mountain Resources Inc.](#) has a strategic relationship with Enirgi Group Corporation to market and develop the Enirgi DXP lithium extraction technology in North America. The Company is seeking to partner with holders of lithium brine resources to unlock value through application of the technology.

Pele shares are listed on the TSX Venture Exchange under the symbol "GEM".

Forward-Looking Statements

Certain statements contained in this news release constitute forward-looking information. These statements relate to future events or future performance, including statements as to the following: the timing of, consideration for and future sale of the Eco Ridge property, the outcome of a strategic review by the Board and any new direction in business, the entering into a relationship agreement with Enirgi Group, including any strategic cooperation relating to Enirgi Group's DXP technology or in the lithium industry or the entering into of a management services agreement with Enirgi Group; the settlement of any of Pele's indebtedness; the future use, application or licensing of Enirgi's DXP Technology in the United States or elsewhere. The use of any of the words "could", "intend", "expect", "believe", "will", "projected", "estimated" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on Pele's current belief or assumptions as to the outcome and timing of such future events. Whether actual results and developments will conform with Pele's expectations is subject to a number of risks and uncertainties including factors underlying management's assumptions, such as risks related to board approvals, regulatory or shareholder approvals (if required) for any transaction, negotiation of definitive documentation; risks relating to the closing of acquisitions and settlements of debts with creditors; risks relating to the development and marketing of new processing technologies; and financial risks relating to a lack of operational cash flow. Actual future results may differ materially. The forward-looking information contained in this release is made as of the date hereof and Pele is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein. For more information see the Company's disclosure documents on SEDAR at www.sedar.com.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Shares Outstanding: 209,996,930

Contact

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