

Pele Mountain Enters Agreement to Acquire Rare Earth Mining Claims Surrounded by Molycorp, 1800 Metres from the Mountain Pass Mine

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TORONTO, ONTARIO -- (Marketwire - March 6, 2012) - Pele Mountain Resources Inc. (TSX VENTURE: GEM) (OTCQX: GOLDF) ("Pele" or the "Company") today announced that it has entered into a binding Purchase and Sale Agreement (the "Agreement") to purchase 11 contiguous mining claims (the "Simon Rare Earth Claims"), which are surrounded by Molycorp's Mountain Pass rare earth property in south-eastern California. The seller of the Simon Rare Earth Claims is a company (the "Seller") owned by the family of Peter Simon II, the son of the prospector who originally staked much of the Mountain Pass area more than 60 years ago. (Click here for satellite photo of Simon Rare Earth Claims)

As the Cold War escalated in the late 1940s, American interest in domestic uranium production surged, initiating a prospecting boom across the western United States. In 1949, Peter "Pop" Simon and his partners discovered intense radioactivity along a vein in Mountain Pass, California, where they located the Birthday claim. The mineralization in the vein turned out to be Bastnasite, a rare earth bearing fluoro-carbonate, prompting the location of many more claims throughout the area.

In 1950, most of the Simon partnership claims in the area were sold to Molybdenum Corporation of America, a.k.a. "Molycorp", which developed the world-class Mountain Pass rare earth deposit. However, Pop Simon retained 11 mining claims, the Simon Rare Earth Claims. These claims have been maintained privately by the Simon family during the past 60 years.

Pele President and CEO Al Shefsky stated, "On closing this transaction, Pele will be strategically positioned in the only two North American mining camps to ever achieve significant commercial rare earth production: Mountain Pass, California and Elliot Lake, Ontario. Both locations have compelling competitive advantages over other emerging rare earth development projects, including extensive existing regional infrastructure and favourable mineralogy, bastnasite at Mountain Pass and monazite at Elliot Lake."

Mr. Shefsky continued, "This acquisition is consistent with our corporate vision at Elliot Lake: to develop safe, secure, reliable, long-term supplies of critical rare earths. We are privileged to work with Peter Simon II and his family and are eager to complete our due diligence and commence our Exploration Program at Mountain Pass. Meanwhile, at Elliot Lake, we remain on track to deliver an updated resource estimate and Preliminary Economic Assessment ("PEA") at our Eco Ridge Mine Rare Earths and Uranium Project by month-end."

The terms of the Agreement include the following:

1. Pele will issue 4-million common shares to the Seller on closing. The Seller 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 retains 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 \$2-million, escalated annually by a factor equal to the Producer Price Index.
3. Pele must complete a total of \$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 \$12,000 per year will become payable to the Seller, increasing by \$12,000 per year until it reaches a maximum of \$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 will be granted a security interest in the Simon Rare Earth Claims to secure performance of certain terms in the Agreement.

6. On closing, the Company will issue 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 closing of the acquisition remains subject to standard closing conditions including due diligence and regulatory approval of the issuance of the shares.

About Pele

Pele Mountain Resources, a leader in Canadian rare earths development, is focused on the sustainable development of its 100-percent owned Eco Ridge Mine Rare Earths and Uranium Project. Eco Ridge is located in Elliot Lake, the only Canadian mining camp to have ever achieved commercial REO production. At one time, Elliot Lake was estimated "to be supplying more than one-third of the world's yttrium".¹ With well-understood geology, mineralogy, and metallurgy, excellent regional infrastructure, and strong local support, Eco Ridge is an ideal location for a safe, secure, and reliable long-term supply of REO and U3O8. Pele also holds interests in a portfolio of Northern Ontario gold properties at Highland and Ardeen and has entered into an agreement to purchase the Simon Rare Earth Claims in Mountain Pass, California. Pele's shares are listed on the TSX Venture Exchange under the symbol "GEM" and on the OTCQX under the symbol "GOLDF".

Notes:

1. Source: "Rare Earth and Thorium Recovery in Canada", John R. Goode, 2011

Some of the statements contained in this release are forward-looking statements, such as estimates and statements that describe Pele's future plans, objectives or goals, including words to the effect that Pele or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements. The economic viability of the 43-101 mineral resource at Pele's Elliot Lake Project has not yet been demonstrated by a preliminary feasibility study.

Shares Outstanding: 148,951,246

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.

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