

SLI (TSX Venture
Exchange)
EKL (Frankfurt Exchange)

Suite 314 – 800 West Pender St.
Vancouver, British Columbia
Canada V6C 2V6



ST. ELIAS MINES LTD.
www.StEliasMines.com

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Telephone: (604) 669-4677
Facsimile: (604) 669-9626
Toll Free: (888) 895-5522

Newsletter

St. Elias, a Speculative Junior

St. Elias Mines Ltd., along with many others, is a speculative junior exploration company listed on the TSX Venture Exchange. Why do people invest in juniors? They are speculative, risky and the odds are unfavourable. And why invest in St. Elias?

The Allure of a Junior

Why do people invest in speculative junior exploration stocks? The attraction to investors is simple. It can be compared to buying a lottery ticket where a small amount of money may become a substantial amount, however, the difference being with an investment in a junior stock there is an excitement generated during the race and the potential for profits frequently, even during the early stages. Quite simply, people are attracted by the excitement of a drill hole, the possibility of a discovery that will change the investment of a few thousand dollars into hundreds of thousands, or millions, possibly overnight. When a discovery hole happens, everyone wins, not only insiders, brokers and promoters, but little old ladies in tennis shoes, bartenders, janitors, barbers, cabbies and just about every Tom, Dick and Harry. The enthusiasm spreads like wildfire. The stock takes off !

There many examples of major discoveries made by speculative junior exploration companies, some of which are:

- 1965 **Pyramid Mining Company*** The shares rose from \$0.25 to over \$20.00 per share (in 1965 dollars) on a lead/zinc discovery in the Northwest Territories, Canada (*credited as being the first major success/discovery by a Vancouver Stock Exchange company)
- 1980 **Carolyn Mines Ltd.** From a \$0.25 stock, Carolyn shares climbed to the giddy height of \$40 on a gold discovery in British Columbia, Canada.
- 1992 **Dia Met Minerals Ltd.** The shares skyrocketed from pennies to \$70 a share following major diamond discoveries in the Northwest Territories, Canada.
- 1994 **Diamond Fields Resources Inc.** The stock began a rocket ride from \$4.20 a share in November 1994 to \$167 per share in May 1996 on a nickel discovery in Newfoundland, Canada (eventually bought out for \$4.5 billion by nickel giant Inco Ltd.)
- 1996 **Arequipa Resources Ltd.** In 1995 the shares were trading at \$1 and in 1996 the stock skyrocketed to \$35 a share on a gold discovery in Peru (shortly thereafter they were taken out by Barrick Gold at a price of \$30 per share.)

It is important to note that 75% of all discoveries are made by juniors and that the major producers are facing a decline in gold reserves so they'll have to go after the juniors. When a junior makes a big discovery it will be in the spotlight straight away.

Why St. Elias?

St. Elias has recently released a news release setting out its plan for the exploration and advancement of its 100% owned Tesoro Project located in southern Peru. The plan includes extracting and processing an existing mineral resource, conducting a geophysical survey to assist in defining drill targets and drilling deep holes. The Tesoro Property has never been evaluated to depth or to its full strike potential. This leaves a large potential for the discovery of additional mineralization.

The Property is part of the well-known gold-bearing Nazca-Ocoña belt that is located in southern Peru. The Nazca-Ocoña gold belt is approximately 300km X 30km and at least 70 known gold deposits have been exploited to date. Gold is associated to disseminated sulfides that seeped into quartz veins or rock fractures. The continuity of the quartz veins and fractures is very impressive in the Nazca-Ocoña belt. It is not uncommon to find veins with lengths of several kilometers. The veins are mesothermal veins and are narrow, typically 1.0 metre or less wide, but are very high grade and tend to extend at depth for up to 1,000 metres (as known so far.)

The Nazca-Ocoña gold belt has a long mining history dating back to pre-Incan time. Gold has been extracted from this belt for not only years, decades and centuries, but millenia. The gold of the area is said to be known by the Incas and some of the gold obtained by the Spanish conquistadors is said to have been mined by the Incas in this area. The source of the gold has never been located.