

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



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

ST. ELIAS MINES LTD.

Trading Symbol: TSX-SLI
Web Site: www.steliasmines.com

Trading Symbol: **SLI** (TSX Venture Exchange)
EKL (Frankfurt Exchange)
SELSF (U.S. Clearing Symbol)

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NEWS RELEASE

ST. ELIAS MINES LTD - TESORO GOLD PROJECT IN PERU ADVANCES

Lori McClenahan, President of St. Elias Mines Ltd. (the “Company” or “St. Elias”), is pleased to provide the following update with respect to underground development and exploration on its 100%-owned Tesoro Gold Project (the “Property”) located in southwestern Peru. To date, the Company has identified five mineralized zones on the Property with more than 50 quartz veins (having a total combined length of 9km) and has carried out underground exploration and development work on two of these veins (C-1 Vein and A-4 Vein) while conducting surface exploration activities (trenching and sampling) on other veins.

C-1 Vein, Zona Canchete

After drifting about 35 meters to the east of the extraction shaft on the 100m level, consistently high-grade vein material, as was predicted from the trend of higher-grade zones on overlying levels, has been encountered. Six channel samples recently collected between 35m east and 48.5m east on the 100m level have returned an average grade of 1.9 oz/t gold (median grade 2.26 oz/t gold). Although the average width of the vein is only 7.4 cm, the grade of the vein on this 13.5m segment is approximately twice the average grade of higher-grade zones on overlying levels (in other words, “grade by width” values are consistent, as the average assay on overlying levels is about 0.9 oz/t gold across an average width of about 14 cm).

Meanwhile, the cross-cut being driven from the 60m level on the C-1 Vein towards the C-3 Vein has intersected the C-3 Vein almost precisely where predicted, at a distance of approximately 68 meters north of the C-1 Vein. The fact that C-1 and C-3, which are parallel veins, are equidistant from one another both at surface and at the 60m level suggests that C-3 is a continuous tabular body unaffected by low-angle faulting. Where intersected in the cross-cut, C-3 is a strong structure measuring 6 to 11 cm wide and having an appearance typical of other gold-rich veins at Zona Canchete (rusty and vuggy). Assay results from C-3 are pending.

A-4 Vein, Zona Central

On the A-4 Vein at Zona Central, 70.82 tons of bulk sample material was shipped to the Dynacor mill and returned an average weighted grade of 0.49 oz/t gold. Assays of individual lots ranged from 0.314 to 0.845 oz/t gold. All of this material was taken between the 52m level and the 61m level on a sub-shaft located about 16 meters southeast of the main extraction shaft. In addition, recent systematic channel-sampling results indicate that there is still good-grade material to the northwest of the sub-shaft between the 42m and 52m levels (>0.5 opt Au) and on either side of the main extraction shaft between the 8m and 31m level (>1.0 opt).

IP-1 Vein, Zona Incognito

The Company is continuing a program of follow-up exploration to evaluate anomalies obtained during reconnaissance in 2005. Recent exploration has focused on the IP-1 Vein at Zona Incognito. The IP-1 Vein is exposed in a deep (20m) pit located some 5 kilometers south-southeast of Zona Canchete. Recently, ladders were installed in the IP-1 pit so that it could be sampled in detail. Although near-surface (surface to 8m level) assays were not impressive (average 0.1 oz/t gold in eight samples), 21 samples collected between the 8m and 20m levels returned an average grade of 1.12 oz/t gold (median grade 0.64 oz/t gold, maximum grade 5.95 oz/t gold). The vein has an average width of 14.0 cm and ranges up to 45.0 cm wide.

Follow-up exploration has also identified additional veins with >1.0 oz/t gold assays in other parts of Zona Incognito which warrant further investigation.

The Tesoro Gold Project is 100%-owned by the Company with no underlying royalties. The Property comprises approximately 1,800 hectares in six contiguous claims situated in a highland desert plateau in southwestern Peru. The claims are within the well-known Nazca-Ocoña metallogenic province, a 300km X 30km gold belt paralleling the Pacific Coast of southwestern Peru in which there are more than 70 gold deposits comprising narrow but generally high-grade gold-bearing quartz veins. Although the veins are narrow, the mineralized structures tend to extend along strike for kilometres and to depths of 1,000 metres.

All technical work is being supervised by, and the contents of this news release have been verified by, John Brophy, P.Geol., a Canadian geologist residing in Peru, who is a “qualified person” as defined in National Instrument 43-101, Standards of Disclosure for Mineral Projects.

For additional information on St. Elias and its projects, please visit us at www.steliasmines.com or call 1-888-895-5522 (toll free US and Canada).

ST. ELIAS MINES LTD.

(signed “Lori McClenahan”)

Lori McClenahan,

President

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or the accuracy of the contents of this document.

This News Release may contain forward-looking statements including, but not limited to, comments regarding the timing and content of upcoming work programs, geological interpretations, potential mineral recovery processes, etc. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statement