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## **ST. ELIAS MINES LTD.**

Trading Symbol: **TSX-SLI**  
Web Site: [www.steliasmines.com](http://www.steliasmines.com)

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

News Release 2011-10  
August 17, 2011

### **NEWS RELEASE**

#### **St. Elias Mines Ltd. – Diamond Drilling Commences - Tesoro Gold Project in Peru**

**Vancouver, B.C. August 17, 2011** Lori McClenahan, President and CEO of St. Elias Mines Ltd. (SLI - TSX:V), announced today that diamond drilling has commenced at the Tesoro Gold Project in Peru. The 10,000-metre drilling program has been designed to test near-surface and deeper-seated geophysical anomalies identified by Titan 24 geophysical surveys.

The Company has engaged the Peruvian subsidiary of Energold Drilling Corp. (TSX-EGD) to conduct the initial portion of the drilling program to test the near-surface targets. An additional diamond drill rig, with a deeper drill capacity, is slated to commence drilling in October, 2011 to test the deeper-seated targets.

The initial series of drill holes will test the "Zona Central IP Anomaly" in the A4, A5, A7 and A8 vein areas of Zona Central. The drill holes will test high-priority drill targets identified by Titan 24 geophysical surveys and the down-dip extensions of known gold mineralization.

The Zona Central IP anomaly, located beneath Zona Central, is a chargeability anomaly that measures >16 milliradians ("pink"). The anomaly is a bowl-shaped feature measuring approximately 1,800 metres by 1,700 metres by 1,300 metres. There are northwest-southeast lineaments (faults or structures) associated with this anomaly that are coincident with known mineralized structural trends on the Tesoro Property. Within the large IP anomaly there is a zone of higher chargeability that measures >18.5 milliradians ("red") that is oriented in a north-south direction. The centre of the southern end of the "red" chargeability anomaly is 600 metres below surface. Three-dimensional images of this anomaly are available on the Company's website "[www.steliasmines.com](http://www.steliasmines.com)" (pink and red colours correspond to chargeability anomalies of > 16 and > 18.5 milliradians respectively).

The Zona Central IP anomaly is located at the centre of a number of cross-cutting structures and may be the source of the near-surface gold mineralization found in the Zona Canchete, Zona Este and Zona Central.

#### ***A Brief History of the Tesoro Gold Project***

The Tesoro Gold Project is 100% owned by the Company with no underlying royalties. The property covers approximately 6,974 hectares (17,436 acres) and is part of the prolific 300km X 30km Nazca-Ocoña gold belt parallel to the Pacific coast of southwestern Peru. The Nazca-Ocoña gold belt has a long mining history dating back to pre-Incan time. Gold is associated with disseminated sulphides in quartz veins and fractures within intrusive rocks. The continuity of the quartz veins and fractures is very impressive in the Nazca-Ocoña belt. While the veins tend to be narrow, the grade is significant and the mineralized structures tend to extend along strike for several kilometers and to depths of up to 1,000 meters.

To date, the Company has identified five mineralized zones with more than 50 quartz veins (having a total combined length of 9km) at the Tesoro Project and has carried out underground exploration and development work on three of these veins (C1, C2 and A4 Veins.) The veins are mesothermal, indicating that the vein structures may extend to considerable depths.

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.

### ***Private Placement***

The Company has negotiated a non-brokered private placement of up to 2,500,000 units at a price of \$1.80 per unit raising gross proceeds of up to \$4,500,000. Each unit will consist of one common share and one common share purchase warrant (a "Warrant"). Each whole Warrant will entitle the holder to purchase one additional common share at a price of \$2.10 per share for a period of 12 months from closing. The private placement is subject to regulatory acceptance.

The Company will pay finder's fees of up to 8% of the gross proceeds raised, payable in cash or common shares or a combination.

The proceeds of the private placement will be used for exploration expenditures on the Company's properties and for general working capital.

### ***Qualified Person***

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](http://www.steliasmines.com) or call 1-888-895-5522 (toll free US and Canada) or contact:

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### **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.*