

Suite 304 – 700 West Pender Street  
Vancouver, British Columbia  
Canada V6C 1G8



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)

News Release 2011-11  
August 23, 2011

## **NEWS RELEASE**

### ***St. Elias Mines Ltd. Announces Spin-out Transaction to Create New Company***

**Vancouver, B.C. August 23, 2011** Lori McClenahan, President and CEO of St. Elias Mines Ltd. (SLI - TSX:V), announces today that St. Elias intends to undertake a spinout transaction ("Plan of Arrangement") to reorganize its share capital to create two new public companies, one of which will hold all of St. Elias' Peruvian properties and the other which will hold all of St. Elias' British Columbia properties.

Under the terms of the proposed transaction, St. Elias will transfer 100% of its interest in all of its British Columbia mineral properties to Havilah Mines Ltd. ("Havilah"), a new company incorporated for the purpose of facilitating the Plan of Arrangement. St. Elias will retain 100% of its interest in all of its Peruvian gold properties. St. Elias will not have any change in its capitalization. Application will also be made to list the common shares of Havilah on the TSX Venture Exchange (the "Exchange").

Under the proposed Plan of Arrangement, the current shareholders of St. Elias will continue to participate in the exploration and development of St. Elias' Peruvian gold properties but will also participate in the exploration of a strategic group of British Columbia properties.

St. Elias shareholders will be entitled to receive one common share of Havilah for every 20 common shares of St. Elias held as of the effective date of the Plan of Arrangement. No St. Elias options or warrants will entitle the holders to receive any shares or other convertible securities of Havilah, except to the extent such holders exercise such options or warrants, as the case may be, to acquire common shares of St. Elias prior to the effective date of the Plan of Arrangement. There will be no change in shareholders' holdings in St. Elias as a result of the Plan of Arrangement.

The Board of Directors of St. Elias believes that the creation of two separate public companies dedicated to the pursuit of their respective businesses will focus the efforts of each company and provide St. Elias shareholders with additional investment choices and enhanced flexibility.

In arriving at their decision, the Board of Directors considered, among other matters:

- (a) the conclusions of management of St. Elias with respect to the prospects of an increase in shareholder value;
- (b) the terms of the Plan of Arrangement, which:
  - (i) will allow Havilah to focus on financing and developing the British Columbia mineral properties separately from St. Elias' Peruvian gold properties, while reducing stock dilution for shareholders interested in St. Elias' Peruvian interests; and
  - (ii) will result in each St. Elias shareholder continuing to own their existing St. Elias shareholdings but will also own shares of Havilah.

The proposed Plan of Arrangement is subject to Exchange, regulatory, court and shareholder approval. Additional details of the proposed arrangement will follow upon completion of definitive documentation and will be described in detail in the information circular to be mailed to shareholders of St. Elias in connection with the Company's 2011 Annual General and Special Meeting at which approval by St. Elias' shareholders of the proposed Plan of Arrangement will be sought.

"Management and board of directors of St. Elias believe that the current market price of the Company's shares does not adequately reflect the underlying value of its British Columbia mineral properties. The proposed spinout is an excellent opportunity for shareholders to maximize the value of their St. Elias holdings" stated Lori McClenahan, President and CEO of St. Elias.

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:

*European Consultant*

Michael Kott  
CM-Equity AG & Co. KG Financial Service  
Tel: 011 4989 1890 474 0  
Email: [kott@cm-equity.de](mailto:kott@cm-equity.de)

*U.S. Investor Relations Consultant*

Herbert Haft  
The Haft Group, Inc.  
Tel: (212) 759-8865  
Email: [herbhaft@haftgroupinc.com](mailto:herbhaft@haftgroupinc.com)  
[herbhaft@aol.com](mailto:herbhaft@aol.com)

**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.*