



## **St. Augustine and NADECOR Announce Positive Results from King-king Preliminary Feasibility Study**

*Pre-tax NPV<sub>(8%)</sub> of US\$2.0 Billion and pre-tax IRR of 24.8%*

**Spokane, WA, September 18, 2013** – **St. Augustine Gold and Copper Limited (TSX:SAU)** (“**St. Augustine**” or the “**Company**”) and its joint venture partner Nationwide Development Corp. (“**NADECOR**”) are pleased to announce the results of the Preliminary Feasibility Study (“**PFS**”) on the King-king Copper-Gold Project located in Pantukan, Compostela Valley, Philippines. The results of the PFS show that the planned operation has favorable economic potential, generating an estimated pre-tax net present value (“**NPV**”) of \$2.0 billion and an estimated pre-tax internal rate of return (“**IRR**”) of 24.8%.

“The results of this advanced Preliminary Feasibility Study confirm that King-king is an attractive project with robust economics that will bring significant value to our shareholders, our partner and the Philippines,” stated Andrew J. Russell, St. Augustine’s CEO. “The strong results of the PFS pave the way for St. Augustine and our joint venture partner NADECOR to continue the development of King-king, including the remaining technical work and the advancement of project financing.”

"We are pleased that the millions of dollars and years of intensive technical work that St. Augustine has invested in the PFS have paid off and confirmed that this flagship mining project has the potential to generate great value and thousands of jobs for the Philippines." added Conrado T. Calalang, NADECOR's President.

The Declaration of Mine Project Feasibility (“**DMPF**”) was submitted to the Philippine Government in May 2012. The final feasibility study will incorporate any required amendments to the DMPF once comments are received from the Government’s final review of the document.

### **Key Project Indicators**

- Unleveraged pre-tax net present value (“**NPV**”) of \$2.0 billion and an estimated pre-tax internal rate of return (“**IRR**”) of 24.8%, using an 8% discount rate, \$1,250/oz gold price and \$3.00/lb copper price.
- The ore delivery and processing rate will be a designed throughput of 100,000 tonnes per day (“**tpd**”) split between 40,000 tpd to an on-off heap leach and 60,000 tpd to a flotation mill with agitated tails leach. The mining rate will be approximately 178,000 tonnes per

day for the 22 year mine plan. Production from the heap leach process is expected to start one year prior to commencing mill operations.

- Robust project economics are driven in large part by an initial five year higher grade operation with a low strip ratio and tidewater proximity. Average annual production during the first five years of full production (both heap leach and mill in operation) is 270 million pounds of copper (122,487 mt), 360,143 ounces gold (11,202 kg) and 568,958 ounces silver (17,697 kg) with an average gold equivalent total cost of \$454 per ounce.
- Life of mine production of 3.16 billion pounds of copper (1.43 million tonnes), 5.43 million ounces of gold (168,950 kg) and 11.65 million ounces of silver (362,356 kg).
- Life of mine average annual production of 138 million pounds of copper (62,374 mt), 236,169 ounces gold (7,346 kg) and 506,504 ounces of silver (15,755 kg) with an average gold equivalent total cost of \$621 per ounce.
- An estimated initial capital cost of \$2.04 billion including the mine, the mill, on-off leach pad, power plant, port facility and \$240 million in contingency costs.
- The study assumes large scale contract mining will be used during the course of the 22 year mine plan, which reduced project initial capital and increased mine operating cash cost. After tax economic analysis assumes a six year income tax holiday.

The PFS was prepared by M3 Engineering & Technology Corporation of Tucson, Arizona (“M3”). The resource, reserve, and mine plan was developed by Independent Mining Consultants (“IMC”) of Tucson, Arizona. AMEC provided metallurgical studies, geotechnical and tailing facility design. The Company will file the full NI 43-101 technical report on SEDAR and the Company’s website within 45 days. All dollar figures in this news release are in 2012 USD.

## **Reserve Base**

The table below presents the mineral reserve for the King-king Project based on the mine and plant production schedules developed for the study. The mineral reserve amounts to 617.9 million tonnes at 0.300% total copper and 0.395 g/t gold.

Reserve Classification	Ktonnes	Tot Cu (%)	Sol Cu (%)	Gold (g/t)	NSR (US\$)
<b>Proven Mineral Reserve</b>					
Heap Leach Ore	17,791	0.340	0.197	0.132	16.53
Oxide Mill Ore	21,674	0.514	0.328	0.849	45.36
Sulfide Mill Ore	52,942	0.305	0.044	0.543	24.92
Low Grade Mill Ore	6,734	0.184	0.027	0.218	10.80
<b>Total Proven Reserve</b>	<b>99,141</b>	<b>0.349</b>	<b>0.132</b>	<b>0.514</b>	<b>26.92</b>
<b>Probable Mineral Reserve</b>					
Heap Leach Ore	77,373	0.305	0.172	0.145	14.81
Oxide Mill Ore	45,440	0.393	0.259	0.745	35.30
Sulfide Mill Ore	345,715	0.288	0.037	0.398	20.48
Low Grade Mill Ore	50,247	0.191	0.023	0.211	10.93
<b>Total Probable Reserve</b>	<b>518,775</b>	<b>0.290</b>	<b>0.075</b>	<b>0.373</b>	<b>20.01</b>
<b>Proven/Probable Mineral Reserve</b>					
Heap Leach Ore	95,164	0.311	0.177	0.143	15.13
Oxide Mill Ore	67,114	0.432	0.281	0.779	38.55
Sulfide Mill Ore	398,657	0.290	0.038	0.417	21.07
Low Grade Mill Ore	56,981	0.190	0.023	0.212	10.91
<b>Total Prov/Prob Reserve</b>	<b>617,916</b>	<b>0.300</b>	<b>0.084</b>	<b>0.395</b>	<b>21.12</b>

## Mining Schedule

The PFS assumes a base case ore production rate of 100,000 tpd considering 40 ktpd to an on-off heap leach and 60 ktpd to mill. IMC prepared a 22 year mine plan followed by 3 years of processing stockpiled ore. Heap leach ore declines in year 6 and is discontinued by year 13. The mine schedule excludes inferred mineral resources, which are considered to be waste in the mine reserve analysis. The mine schedule has six development phases and is optimized for metals production at the plant while maintaining low waste to ore ratio in the early years. The availability of high quantities of copper oxide material in the early years allows for early development for copper heap leach processing, which starts approximately 1 year before the mill starts. A mill ore stockpile near the crusher will be utilized to allow 3 to 4 years of additional mill ore processing in the later years when mine activity is completed. The table below provides a summary of the plant production, and illustrates the higher metal grades and lower waste /ore ratio achieved early in the mine life:

	<b>First 5 Years</b>	<b>Life of Mine</b>
<b>Processed Tonnes, Mill</b>	97 million*	523 million
<b>Heap Leach</b>	69 million	95 million
<b>Copper (%), Mill</b>	.44	.30
<b>Heap Leach</b>	.33	.31
<b>Gold (g/tonne) Mill</b>	.61	.44
<b>Waste to Ore Ratio</b>	.75	1.06

\*Four years of mill production. Mill plant starts one year after heap leach.

## **Development Overview**

The proposed open pit mine and processing plant will produce copper/gold/silver concentrate, copper cathode, and gold doré bullion. Oxide ore containing significant gold and all sulfide ore will be treated in a concentrator at 60,000 tpd. The concentrator process will consist of crushing, grinding, gravity concentration of free gold, and flotation of sulfide copper. An agitated leach circuit will leach oxide copper from flotation tails. Oxide ore containing little or no gold will be treated in a heap leach at 40,000 tpd. The heap leach process will consist of crushing, agglomeration, and leaching utilizing on-off cells. Pregnant solutions from the agitated leach and heap leach processes will go to a common SX-EW facility for production of cathode copper. Overall gold and copper recoveries from ore through doré production, copper-gold concentrate and copper cathodes are estimated at 73.2% and 77.5%, respectively. Total life of mine metal production for the dual processing case (heap leach and mill) is 3.16 billion pounds (1.43 million tonnes) of copper, 5.43 million ounces (169 tonnes) gold and 11.65 million ounces (362 tonnes) silver. A dry stack tailing facility is proposed for handling tailings from the process plant. Tailings will be filtered to remove moisture prior to stacking. Ore will be transported from the primary crusher located near the mine to the mill and heap leach area by a single aerial conveyor. The aerial design is chosen to overcome the high relief terrain in the area. Construction of a power station is proposed at a new coastal complex where a docking facility will be constructed to serve the facility, along with ancillary operations and accommodation for construction and operating staff.

## Production Rates, Capital Costs, Operating Costs, Metal Prices and Financial Valuation

Project production, capital and operating costs, metal prices, financials and sensitivities are shown in the table below. In the table below, Base Case refers to the case represented in the Key Project Indicators described above.

	Base Case	15% Higher Metal Prices Case 1	15% Higher OPEX Costs Case 2	15% Higher CAPEX Costs
<b>Ore Production Rate LOM (ktonnes/day)</b>	74	74	74	74
<b>Projected Mine Life (yrs)</b>	23	23	23	23
<b>Metal Price Assumptions</b>				
Copper (\$/lb)	3.00	3.45	3.00	3.00
Gold (\$/oz.)	1250	1438	1250	1250
Silver (\$/oz)	25.00	28.75	25.00	25.00
<b>Average Annual Production</b>				
Gold (oz.)	236,169	236,169	236,169	236,169
(kg)	7,345	7,345	7,345	7,345
Silver (oz.)	506,504	506,504	506,504	506,504
(kg)	15,752	15,752	15,752	15,752
Gold Equivalent (oz.)	576,326	578,715	576,326	576,326
(kg)	17,924	17,998	17,924	17,924
Copper (thousand lbs.)	137,511	138,507	137,511	137,511
(metric tons)	62,375	62,826	62,375	62,375
<b>LOM Revenue (\$000)</b>				
Gold	\$6,489,150	\$7,462,523	\$6,489,150	\$6,489,150
Silver	\$184,575	\$212,261	\$184,575	\$184,575
Copper	\$9,238,453	\$10,703,220	\$9,238,453	\$9,238,453
<b>Less Treatment and Refining Charges</b>	<b>\$(548,215)</b>	<b>\$(551,701)</b>	<b>\$(548,215)</b>	<b>\$(548,215)</b>
<b>Total Revenue</b>	<b>\$15,363,963</b>	<b>\$17,826,303</b>	<b>\$15,363,963</b>	<b>\$15,363,963</b>
<b>Avg. Annual Net Cash Flow (\$000) Pre-Tax</b>				
<b>LOM Total Net Cash Flow (\$000) Pre-Tax</b>	\$248,393	\$347,681	\$205,498	\$234,876
<b>Initial Capital (\$000)</b>	\$5,713,035	\$7,996,668	\$4,726,473	\$5,402,153
<b>Sustaining Capital (\$000)</b>	\$2,041,919	\$2,041,919	\$2,041,919	\$2,348,207
<b>LOM Operating Costs</b>				
Mining Cost (\$/tonne mined) /(\$/tonne ore)*	1.93/3.97	1.93/3.97	2.21/4.57	1.93/3.97
Process Plants Operating Cost (\$/tonne ore)	5.28	5.40	6.08	5.28
General Administration (\$/tonne ore)	1.04	1.04	1.19	1.04
Other (\$/tonne ore)	2.51	2.68	2.56	2.51
<b>Total Operating Cost (\$/ tonne ore)</b>	<b>12.80</b>	<b>13.09</b>	<b>14.40</b>	<b>12.80</b>
<b>Cash Cost/ Gold Equivalent oz.</b>	<b>\$621</b>	<b>633</b>	<b>699</b>	<b>622</b>
<b>Pre-Tax Economic Indicators</b>				
NPV @ 8% (\$000)	\$1,998,943	\$3,026,107	\$1,597,899	\$1,738,111
IRR (%)	24.8%	31.8%	22.2%	21.1%
Payback (yrs)	2.4	1.9	2.6	2.8
<b>After-Tax Economic Indicators**</b>				
NPV @ 8% (\$000)	\$1,757,074	\$2,655,758	\$1,418,223	\$1,517,826
IRR (%)	24.0%	30.9%	21.5%	20.3%
Payback (yrs)	2.4	1.9	2.6	2.8

\*Mine operating costs reflect higher cost contract mining.

\*\*Assumes an income tax holiday for the first six years of the project

## **Opportunities**

Opportunities to improve project economics are being evaluated to be included for the feasibility study. These include the following:

- Continued evaluation of electric power supply options, including discussions with independent power providers about long-term power supply costs.
- Completion of geotechnical work. This may allow more favourable geometry for the tailing storage facility and reduce the volume of the compacted tailing in the outer shell.
- Increased metal recoveries with additional treatment to the cleaner flotation scavenger tails, where most of the losses occur.
- Substitution of secondary and tertiary crushing or secondary crushing and high pressure grinding rolls for the SAG/pebble crusher circuit may provide significant capital and operating cost savings. This change would reduce comminution electrical power requirements with a consequent reduction in size and capital cost of the power plant.
- Drilling is planned to define more heap leach ore and perhaps more high grade mill ore to add to the early part of the mine schedule.
- There is potential for expansion of the mill in the future to process ore at an increased rate due to potentially adding more ore to the resource or due to higher metal prices.

## **NATIONAL INSTRUMENT 43-101 COMPLIANCE**

The following Qualified Persons under National Instrument 43-101 ("NI 43-101") have reviewed and approved the scientific, technical and economic information contained in this news release: Joshua Snider, P.E. of M3 Engineering and Technology, Michael G. Hester, FAusIMM of Independent Mining Consultants, Inc.

A NI 43-101 compliant technical report entitled "King-king Copper-Gold Project Mindanao, Philippines" dated October 12, 2010, and prepared by Michael G. Hester, FAusIMM of Independent Mining Consultants, Inc., Donald F. Earnest, P.G. of Resource Evaluation, Inc. and John G. Aronson of AATA International, Inc. has been previously filed by the Company on [www.sedar.com](http://www.sedar.com).

## ***CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS***

*This announcement includes certain "forward-looking statements" within the meaning of Canadian securities legislation. All statements, other than statements of historical fact included herein are forward-looking statements. Forward-looking statements involve various risks and uncertainties and are based on certain factors and assumptions. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those*

*anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties related to fluctuations in gold, copper and other commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; uncertainties relating to the completion of a bankable feasibility study; uncertainty of estimates of capital and operating costs, recovery rates production estimates and estimated economic return; the need for cooperation of the Company's joint venture partner and government agencies in the development of the Company's mineral projects; the need to obtain additional financing to develop the Company's mineral projects; the possibility of delay in development programs or in construction projects and uncertainty of meeting anticipated program milestones for the Company's mineral projects; and other risks and uncertainties disclosed under the heading "Risk Factors" in the Annual Information Form dated March 22, 2013, and filed with Canadian securities regulatory authorities on the SEDAR website at [www.sedar.com](http://www.sedar.com).*

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