



St. Augustine

GOLD & COPPER

St. Augustine Gold and Copper Limited Announces a Strategic, Philippines Partner

Spokane, WA, October 10, 2012 – St. Augustine Gold and Copper Limited (TSX: SAU) ("St. Augustine" or the "Company") and Queensberry Mining and Development Corp. ("Queensberry") of the Philippines today announced the formation of a strategic partnership wherein Queensberry may ultimately acquire a total stake in St. Augustine of up to approximately 23.7% through both the potential acquisition of secondary shares through option agreements and a private placement with the Company, subject to Toronto Stock Exchange ("TSX") regulatory approval.

Russell Mining and Minerals, ULC ("RMMU"), currently the largest shareholder of the Company, has agreed at the request of St. Augustine to option up to 70 million shares of the Company at US\$0.40 per share to Queensberry through a private transaction in order to help facilitate the entry of Queensberry as a strategic partner to the Company. At closing of the private transaction and pending full exercise of the option, Queensberry will have acquired voting rights to an aggregate of 60,000,000 shares of the Company which, together with the 218,500 shares owned and controlled by Manuel Paolo A. Villar (Queensberry's President and CEO) constitute approximately 15% of the Company's issued and outstanding shares. Subject to certain closing conditions Queensberry will have the option to purchase up to 60 million shares of the Company from RMMU at any time prior to the one year anniversary of the issuance of the option. The option on the additional 10 million shares is exercisable in whole or in part, provided shareholder approval will be obtained in compliance with TSX regulations if Queensberry surpasses RMMU as the largest control person of the Company. Prior to receipt of any such shareholder approval, if applicable, RMMU will remain the largest shareholder and voting block of the Company.

St. Augustine has then subsequently agreed to a private placement with Queensberry, subject to TSX regulatory approval. The placement will raise approximately US\$4.7 million through a unit offering of 25 million units at a unit price of US\$0.1883805 with each unit consisting of one common share and 0.3 of one common share purchase warrant of the Company (each whole warrant a "Warrant"). Each Warrant entitles Queensberry to acquire one share at a price of US\$0.2563 for a period of one year from closing of the private placement. The net proceeds of the private placement will be used for general working capital as the Company continues its efforts on the King-king project. Following completion of the private placement, Queensberry would hold approximately 20% of the issued and outstanding common shares of the Company, or 23.7% on a fully diluted basis.

Additionally, as part of the private placement, Queensberry has been granted the right to acquire an additional 4.65 million shares from treasury through a private placement at US\$0.75 per share prior to November 20, 2012, subject to TSX regulatory approval and any required shareholder approvals.

As part of the private placement transaction, Queensberry's President and CEO, Manuel Paolo A. Villar will be nominated to a director position on St. Augustine's board to replace Andrew J. Russell who has agreed to step down as a director, while staying on as CEO of the Company. Mr. Villar brings a tremendous amount of experience in public Philippine operations. He is a Director and President and Chief Executive Officer of Vista Land and Lifescapes, Inc. and a director of Starmall, Inc., two very large national corporations in the Philippines. He graduated from Wharton School of the University of Pennsylvania, Philadelphia, USA with a Bachelor of Science in Economics and Bachelor of Applied Science. After graduating, he was a consultant for McKinsey & Co. in the United States. He later joined Crown Asia as Head of Corporate Planning prior to his position with Vista Land and Lifescapes.

It should be noted that it was announced in June, 2012 that Queensberry also agreed to acquire a 25% shareholding in Nationwide Development Corporation, the Company's joint venture partner in the King-king project. Queensberry is part of the Villar group of companies in the Philippines, a prominent business group. Queensberry has its head office at 3rd Floor, Star Mall Las Pinas, CV Starr Avenue, Philamlife Village, Pamplona, Las Pinas City, Philippines.

Commenting on the transaction Andrew Russell said "We greatly welcome the involvement of Queensberry in St. Augustine and believe that it is a very positive development for the Company. By partnering with the Villar group, we are confident that it will assist St. Augustine is being able to move the King-king project forward over the coming months and years for the benefit of all stakeholders in the project."

As the private placement is part of a sequence of transactions involving the Company, RMMU and Queensberry which may be considered related party and/or connected transactions for purposes of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"), the Company has relied, to the extent applicable, upon the exemptions contained in sections 5.5(g) and 5.7(i)(e) of MI 61-101, from the valuation and shareholder approval requirements of MI 61-101. Commercial considerations require that the sequence of transactions be completed on or around October 12, 2012, which is earlier than the 21 days required under MI 61-101.

ABOUT THE KING-KING PROJECT

King-king is one of the largest undeveloped copper-gold deposits in the world. As released in the October 2010 Technical Report and the updated resource report released August 15, 2011, Measured and Indicated mineral resources are 962.3 million tonnes at 0.254% total copper, 0.062% soluble copper, and 0.334 grams per tonne ("g/t") gold. Inferred mineral resources are an additional 188.8 million tonnes at 0.215% total copper, 0.048% soluble copper, and 0.265 g/t gold. The Measured and Indicated mineral resource consists of 5.4 billion pounds of contained copper and 10.3 million troy ounces of contained gold.

The King-king deposit is a gold rich copper-gold porphyry deposit located in the southeast of the Philippine Island of Mindanao, 35km east of Davao City and 13 km from the coast. The project is listed as one of the top priority projects by the Philippine Mines and Geosciences Bureau. The project has a low strip ratio and is in advanced stage with 95,651 meters of drilling composed of 291 core and reverse circulation ("RC") holes, including 6,052 meters of new drilling composed of 14 core holes (and 1 RC) in 2011. King-king has entered into the feasibility stage of development (social, environmental and engineering phases).

NATIONAL INSTRUMENT 43-101 COMPLIANCE

Mr. James J. Moore, P.E., St. Augustine Gold and Copper Limited, a qualified person under National Instrument 43-101 ("NI 43-101"), has reviewed and approved the scientific and technical information contained in this news release.

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 filed by the Company on 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, including the timing and outcome of the transactions described herein. 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 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 21, 2012, and filed with Canadian securities regulatory authorities on the SEDAR website at www.sedar.com.

For Further Information Please Contact:

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