



St. Augustine Gold & Copper Limited Announces Full and Final Settlement with Benguet Corporation

Spokane, Washington - September 2, 2011 – St. Augustine Gold and Copper Limited (TSX:SAU) is pleased to announce it has reached full and final settlement with Benguet Corporation on August 30, 2011 for the King-king MPSA (Mineral Production Sharing Agreement). This settlement amends the previous Heads of Terms Agreement signed in July 2010. All future payments previously agreed to in the Heads of Terms are settled with a single, final payment of \$10,250,000 due on or before September 15, 2011.

This settlement provides St. Augustine and its partner, NADECOR, with clear title to the King-king project as Benguet has relinquished all rights to the MPSA and Operating Agreement under the Heads of Terms Agreement. Clear title will facilitate NADECOR's ability to assign the King-king Project MPSA to the joint venture mining company, Kingking Gold and Copper Mines, Inc, a Philippine corporation. Assignment of the MPSA enables St. Augustine to accept equity in the mining company as the joint venture partner upon completion of the assignment, expected to complete the fourth quarter of 2011.

Under the original Heads of Terms Agreement signed in July 2010, between Benguet and St. Augustine, through its subsidiary, St. Augustine Mining Ltd. (SAML), Benguet agreed to the following:

- Assignment and transfer of its interest in the Sagittarius Alpha Realty Corp. (SARC) claims surrounding the King-king Project to SAML.
- Assignment and transfer of its interest in the Pantukan Mineral Corp. (PMC) shares and operating rights in the PMC Claims surrounding the King-king Project to SAML.
- Terminate and complete the release of all of its right, title, interest and claims in the Operating Agreement with NADECOR
- The assignment or transfer of all of its right, title, interest and claims in the King-king MPSA to SAML.

- All of Benguet's affiliates shall release, assign or transfer of any other rights, title, interest or claims they have in respect of the King-king Project.
- All books, records, project information and project samples

An initial \$8,000,000 payment to Benguet was settled through the issuance of a \$2,000,000 credit note and a cash payment of \$6,000,000 in October 2010. The second credit note of \$1,950,000 would have been applied to the next scheduled payment of \$5,000,000 due in October 2012 and was instead applied as part of the final settlement. As part of the second amendment to the Memorandum of Understanding (MOU), SAML funded NADECOR's 50% portion of the \$6,000,000 cash payment. As part of the fourth amendment to the MOU, signed in July 2011, SAML will fund NADECOR's 50% portion of the \$10,250,000 cash payment. All payments made by SAML, including those made on behalf of NADECOR, are applied to the Company's earn-in to the joint venture.

ABOUT THE KING-KING PROJECT

The King-king deposit is a gold rich, copper-gold porphyry deposit located in the south east of the Philippine Island of Mindanao, located 35 kms east of Davao City and 13 kms from the coast. The project is listed as one of the top priority projects by the Philippine Mines and Geosciences Bureau and the project has a low strip ratio (0.8:1 compared to an industry average of 2.5:1). The project is advanced stage with 93,869 meters of drilling composed of 289 core and reverse circulation holes and has entered the feasibility stage of development (social, environmental and engineering).

King-king is one of the largest undeveloped copper-gold deposits in the world. In comparing the mineral resource reports from October 2010 Technical Report to the updated resource released August 15, 2011, measured and indicated mineral resource increased from 791.5 million tonnes to 962.3 million tonnes at 0.533% copper equivalent, 0.254% total copper, 0.062% soluble copper, and 0.334 g/t gold. Inferred mineral resource is an additional 188.8 million tonnes at 0.439% copper equivalent, 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 equivalent gold grade of the measured and indicated mineral resource is 0.660 g/t gold equivalent.

Equivalent g/t gold (Eq Au) and Equivalent % copper (Eq Cu) levels are used in this report to illustrate the combined effect of the two metals in this project, gold and copper. The following calculations were applied to calculate the Eq Au or Eq Cu in the oxide ore and the sulfide ore:

Eq Cu (oxide) = Total Copper + 1.400 x Gold, Cutoff = 0.30% Eq Cu

Eq Cu (sulfide) = Total Copper + 0.686 x Gold, Cutoff = 0.15% Eq Cu

Alternatively, as Equivalent Gold:

Eq Au (Oxide) = Gold + 0.714 x Total Copper, Cutoff = 0.22 g/t Eq Au

Eq Au (Sulfide) = Gold + 1.458 x Total Copper, Cutoff = 0.22 g/t Eq Au

These equations were derived from the parameters listed in the table below that was developed for the updated August 2011 mineral resources for the King-king Project.

Table 1. Economic Parameters for King-king

Parameter	Units	Oxide Mill	Sulfide Mill
Copper Price Per Pound	(US\$)	2.500	2.500
Gold Price Per Troy Ounce	(US\$)	1100	1100
Base Mining Cost Per Tonne	(US\$)	1.250	1.250
Material			
Mine Replacement Capital Per Tonne	(US\$)	0.100	0.100
Process Cost Per Ore Tonne	(US\$)	5.000	5.000
G&A Cost Per Ore Tonne	(US\$)	0.270	0.270
Process Recovery of Copper (Average)	(%)	37.8%	77.2%
Process Recovery of Gold (Average)	(%)	75.0%	75.0%
Smelting/Refining Payable for Copper	(%)	96.4%	96.4%
Smelting/Refining Payable for Gold	(%)	95.0%	95.0%
SRF (or SXEW) Cost Per Pound Copper	(US\$)	0.260	0.260
Gross Royalty	(%)	3.0%	3.0%
NSR Factor for Total Copper	(US\$)	17.455	35.649
NSR Factor for Gold	(US\$)	24.443	24.443
Gold Factor for Copper Equivalent	(none)	1.400	0.686
Total Copper Equivalent Cutoff Grades			
Breakeven (without lift)	(%Cu)	0.38	0.19
Internal	(%Cu)	0.30	0.15
Copper Factor for Gold Equivalent	(none)	0.714	1.458
Gold Equivalent Cutoff Grades			
Breakeven (without lift)	(g/t)	0.27	0.27
Internal	(g/t)	0.22	0.22

Compared to the measured and indicated resource reported in the October 2010 Technical Report the updated mineral resource contains significantly more tonnes and contained copper and gold. Total material above cutoff has increased by 170.7 tonnes, which is an increase of 21.6 percent. Contained copper has increased by 0.52 billion pounds, which is an increase of 10.6 percent. Contained gold has increased by 0.9 million ounces, which is an increase of 9.4 percent.

NATIONAL INSTRUMENT 43-101 COMPLIANCE

Mr. Michael G. Hester, FAusIMM of Independent Mining Consultants, Donald F. Earnest, P.G., of Resource Evaluation, Inc. and Mr. James J. Moore, P.E., St. Augustine Gold and Copper Limited, the qualified persons under NI 43-101, have reviewed the resource contents of this press 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.

For further information about the Company, please refer to the Company's filings on SEDAR (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, without limitation, the use of net proceeds 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 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 informational circular of the Company dated November 19, 2010 filed with Canadian securities regulatory authorities on the SEDAR website at www.sedar.com.

ENQUIRIES

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