

# St. Augustine Announces Conditional Approval From TSX for Joint Venture Restructuring

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SPOKANE, WASHINGTON--(Marketwired - Jan 8, 2014) - **St. Augustine Gold and Copper Limited (TSX:SAU) ("St. Augustine" or the "Company")** announced today that it has received conditional approval from the TSX, in accordance with Section 604(d) of the TSX company manual, for the joint venture restructuring ("the Restructuring") previously announced on October 15, 2013. The Company's board and shareholders previously approved the Restructuring, as announced on December 3, 2013. St. Augustine's joint venture partner, Nationwide Development Corp. ("Nadecor") has also received approval from its board and shareholders to proceed with the transaction.

Upon closing of the Restructuring, St. Augustine will hold the maximum allowable interest under Philippine mining law in the King-king Gold-Copper project (the "Project"), and Nadecor shareholders other than St. Augustine will hold a total of 39.96% of the issued and outstanding shares of St. Augustine.

## Terms of Restructuring

The Restructuring involves the arms-length joint venture partners combining their interests in the King-king Project into one entity, that being the Company. The Restructuring would result in Nadecor shareholders, other than St. Augustine, being issued 324,568,751 shares of St. Augustine representing 66.54% of the current issued and outstanding shares, and 39.96% of the issued and outstanding shares post transaction, assuming no further shares are issued. Once approved, the Restructuring would result in St. Augustine holding a 100% interest in the joint venture milling company ("Milling Co") as well as assuming full responsibility for organizing Project financing. The structure of the joint venture mining company ("Mining Co") will see Nadecor owning 60% and St. Augustine owning 40% of Mining Co, in accordance with the nationality requirements under Philippine law. The relationship between Mining Co and Milling Co will see Mining Co selling ore to Milling Co pursuant to an ore sales agreement, as defined under Philippine mining law. Milling Co would process the ore and subsequently sell copper concentrate, gold concentrate, cathode copper and gold bullion. St. Augustine will continue to hold 25% of the issued and outstanding shares of Nadecor.

The parties will apply the following process to reach their Restructuring goal. First, St. Augustine will acquire from Nadecor all issued and outstanding shares of the Milling Co for debt in the sum of US\$32,456,875 which was calculated by multiplying 324,568,751 shares (a number equal to 39.96% of St. Augustine post-transaction) times US\$0.10. Nadecor will then dividend out this debt to its shareholders of record other than St. Augustine. St. Augustine will then offer to those Nadecor shareholders, pro rata on a private placement basis, for subscription at their option, 324,568,751 shares of the Company at an issue price of US\$0.10, which represents a 50% discount to market at the time the agreement was signed, and which can be satisfied by the return of the dividend debt. In the event 100% of those Nadecor shareholders subscribe, those shareholders of Nadecor will own approximately 40% in aggregate of St. Augustine, provided no additional shares of the Company are issued prior to the closing of the Restructuring transaction.

In accordance with TSX policy, which mandates that shareholder consent must be received when a company proposes a transaction in which it will issue more than 25% of its issued and outstanding stock or issue shares at a price less than the allowable discount to market, St. Augustine has received written approval for the Restructuring by more than 50% of its shareholders.

The closing of the Restructuring is also subject to approval by the Philippine authorities on the transfer of the mining concession (Mineral Production Sharing Agreement) from Nadecor to Mining Co, among other conditions.

## The King-King Copper-Gold Project

The King-king Copper-Gold Project is located in Compostela Valley in the Philippines, and is expected to recover 3.16B lbs. of copper and 5.43M oz. of gold over its 22 year mine life. According to the Preliminary Feasibility Study ("PFS") that was press released on September 18, 2013 and then filed on [www.sedar.com](http://www.sedar.com) on November 1, 2013, the Project has a pre-tax NPV of \$2.0 billion with an IRR of 24.8%. The mineral reserve amounts to 617.9 million tonnes at 0.300% total copper and 0.395 g/t gold.

The table below presents the mineral reserve for the King-king Project based on the mine and plant production schedules developed for the PFS.

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>

## NATIONAL INSTRUMENT 43-101 COMPLIANCE

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

## 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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