



RATEL GOLD FINALIZES SPIN-OUT OF AFRICAN ASSETS

ANNOUNCEMENT TO THE TORONTO STOCK EXCHANGE

31 DECEMBER 2010

NOT FOR DISSEMINATION IN THE UNITED STATES OR FOR RELEASE TO US NEWS WIRE SERVICES

Ratel Gold Limited (“**Ratel**” or the “**Company**”) (**TSX: RTL**) is pleased to announce that it has now received shareholder approval and conditional listing approval from the Toronto Stock Exchange (“**TSX**”) for the spin-out (the “**Spin-out Reorganization**”) of its African property interests into Ratel Group Limited (“**Ratel Group**”), a new TSX-listed Company.

Shareholders of record of Ratel as of the close of business on January 6, 2011 will be entitled to receive five common shares in the capital of Ratel Group for every nine common shares held in Ratel pursuant to the Spin-out Reorganization, as more particularly set forth in the Management Information Circular of Ratel dated November 19, 2010.

It is anticipated that Ratel Group will commence trading on the TSX at the open of markets on Tuesday, January 4, 2011 under the symbol RTG, and Ratel will continue trading under the symbol RTL until completion of the transactions approved by shareholders on December 23, 2010. It is anticipated that the Spin-out Reorganization will take place on January 7, 2011 in conjunction with the completion of the acquisition by Ratel of the interests in the King-king Project and issue of new shares in Ratel and Ratel Group. As part of the proposed transactions, it is intended that the name of the Company will be changed to St. Augustine Gold and Copper Inc., which will trade under the new TSX symbol SAU.

This press release replaces and supersedes the press release issued by the Company on December 30, 2010.

ENQUIRIES

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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 completion of the Spin-out Reorganization and the other matters approved by shareholders on December 23, 2010 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 the completion of the Spin-out Reorganization and the other transactions contemplated herein, and other risks and uncertainties disclosed under the heading "Risk Factors" in the prospectus of the Company dated June 29, 2010 and the Management Information Circular dated November 19, 2010, both filed with the Canadian securities regulatory authorities on the SEDAR website at www.sedar.com