

RATEL GOLD ANNOUNCES CLOSING OF KING-KING ACQUISITION AND SPIN-OUT OF RATEL GROUP

VANCOUVER, Jan. 7 /CNW/ - The Board of Ratel Gold Limited ("**Ratel Gold**" or the "**Company**") (Toronto:RTL.TO) is pleased to announce that it has closed the previously announced acquisition of the right to earn a 60 percent interest in the King-king project by acquiring all of the issued and outstanding common shares of St. Augustine Mining Inc. and 50 percent of the issued and outstanding common shares of Strato International Holdings Limited from Russell Mining and Minerals, Inc. and its subsidiaries ("**RMMI**") together with an assignment of RMMI's interest in certain material contracts relating to the King-king property (the "**Acquisition**"), as more particularly described in the Company's management information circular dated November 19th, 2010 (the "**Circular**").

The King-king project is one of the largest undeveloped copper-gold deposits in the world, with a measured and indicated equivalent copper-gold resource of 791.5 Mt at 0.815 g/t equivalent gold for 20.7M equivalent gold ounces (0.279% Cu for 4.9B lbs of Cu and 0.371 g/t Au for 9.4M ounces of contained Au) and a further 2.75M equivalent gold ounces in inferred resources (125.5Mt at 0.237% Cu lbs and 0.308 g/t Au).

As consideration for the Acquisition, Ratel issued 80 million shares to RMMI upon closing of the Acquisition. A further 75 million shares will be issuable when a feasibility study is completed on the project (or a change in control of Ratel occurs).

In connection with the Acquisition, Andrew Russell, Robert Russell, Max Anhoury and Tom McKiernan have joined the Board of Ratel Gold, and Mark Savage, Ian Fisher and Ron Clarke have resigned. Andy Russell has been appointed President and Chief Executive Officer, and Llee Chapman will serve as Chief Financial Officer.

As a result of the Acquisition, the Company is in the process of undertaking a name change to "St. Augustine Gold and Copper Limited", and expects to commence trading under the TSX symbol "SAU" during the week of January 17th.

The Company is also pleased to announce that the release conditions with respect to the previously announced C\$25 million non-brokered placement of subscription receipts (the "**Non-brokered Placement**") have also been satisfied, and 83,333,334 common shares of the Company have been issued in connection therewith. The net proceeds of the Non-Brokered Placement will be used to repay an obligation of the entities acquired pursuant to the Acquisition to CGA Mining Limited, to fund exploration and feasibility study activities for the King-king Project and for working capital and general corporate purposes.

Following the closing of the abovementioned transactions and the exercise of a number of options in Ratel Gold, the issued capital of the Company post closing is expected to be 260,033,333 shares, 32,800,000 subscriptions receipts issued in connection with the \$40 million private placement completed by the Company on December 22, 2010 and 4,800,000 options.

Concurrently with the closing of the Acquisition, Ratel Gold has also completed the Spin-out Reorganization (as defined in the Circular) of its African property interests into Ratel Group Limited ("**Ratel Group**"), a TSX-listed company trading under the symbol "RTG". Pursuant to the terms of the Spin-out Reorganization, each shareholder of Ratel Gold has been issued five common shares in the capital of Ratel Group for every nine common shares of Ratel Gold held on the share distribution record date of January 6, 2011.

As part of the Spin-Out Reorganization, Ratel Group also undertook a capital raising (the "**Spin-out Financing**") by way of subscription receipts to fund its future activities and to satisfy TSX original listing requirements. The subscription receipts issued in connection with the Spin-out Financing automatically converted to common shares of Ratel Group as part of the Spin-out Reorganization, and 100,000,000 common shares of Ratel Group have been issued in connection therewith.

The board and management of Ratel Group is comprised of the former directors and management of Ratel Gold.

For further information about the Company, please refer to the Company's filings on SEDAR (www.sedar.com).

NATIONAL INSTRUMENT 43-101 COMPLIANCE

Mr. James J. Moore, P.E., a qualified person under NI 43-101, has reviewed the 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 Ratel 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, 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; uncertainties relating to the conversion of outstanding subscription receipts; 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 prospectus of the Company dated June 29, 2010 and the Circular, both filed with the Canadian securities regulatory authorities on the SEDAR website at www.sedar.com.