



ratel gold

LIMITED

Interim Financial Report
For the six months ended
31 December 2010
(Unaudited - Prepared by Management)

RATEL GOLD LIMITED

400 S. Jefferson St, Suite 202
Spokane, Washington 99201

www.Sagcmining.com

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying interim consolidated financial statements for Ratel Gold Limited (the "Company") have been prepared by management in accordance with the International Accounting Standards, which include International Financial Reporting Standards ("IFRS"). These financial statements are the responsibility of management and have not been reviewed by the auditors. The most significant accounting principles have been set out in the June 30, 2010 audited consolidated financial statements. There have been no changes in accounting policies from the latest completed financial year end. These financial statements have been prepared on a historical cost basis of accounting. A precise determination of many assets and liabilities is dependent on future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

For further information please contact:

R. Llee Chapman
Chief Financial Officer

Telephone: 509-343-3193

CORPORATE DIRECTORY

DIRECTORS:

Andrew Russell – appointed 07/01/2011
Robert Russell – appointed 07/01/2011
Max Anhoury – appointed 07/01/2011
Tom McKiernan – appointed 07/01/2011
Michael J Carrick
Mark S Savage – resigned 07/01/2011
Ronald F J Clarke – resigned 07/01/2011
Ian C Fisher – resigned 07/01/2011

SECRETARY:

Hannah C Hudson –resigned 07/01/2011
Llee Chapman – appointed 07/01/2011

REGISTERED AND PRINCIPAL OFFICE:

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Spokane, Washington 99201

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BANKERS:

US Bank
428 W. Riverside, Suite 700
Spokane, Washington 99201

AUDITORS:

Meyers Norris Penny
800-700 6th Ave SE
Calgary, Alberta
Canada T29 0T8

STOCK EXCHANGE:

Toronto Stock Exchange Inc

Exchange Code:

RTL – Fully paid ordinary shares (until 20/01/2011)

SAU – Fully paid ordinary shares (name changed effective 18/01/2011 and began trading under SAU 21/01/2011)

SHARE REGISTER:

Canadian Register
Computershare Investor Services Inc
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Toronto Ontario M5J2Y1
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LAWYERS

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Calgary, AB
Canada T2P 4H2

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59 Burrard Street
Vancouver, B.C. Canada
V7X 1L3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

UNAUDITED – PREPARED BY MANAGEMENT

	Note	Consolidated Six months ended 31 December 2010
		US\$
Revenue	3	3,262
Exploration and evaluation expenditure	4	(1,490,872)
Foreign exchange gains/(losses)		(105,252)
Finance costs		(598,309)
Administrative expenses		(386,950)
		<hr/>
Profit/(Loss) from continuing operations before income tax expense		(2,578,122)
Income tax (expense)/benefit		<hr/> -
Profit/(Loss) after income tax (expense)/benefit		(2,578,122)
Earnings/(Loss) per share for profit/(loss) attributable to the ordinary equity holders of the company		
Basic earnings/(loss) per share (cents)		(5.76)
Diluted earnings/(loss) per share (cents)		(5.76)

The above Income Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

UNAUDITED – PREPARED BY MANAGEMENT

		Consolidated	
	Note	31 December 2010	30 June 2010
		US\$	US\$
ASSETS			
Current Assets			
Cash and cash equivalents	6	7,870,481	142,228
Trade and other receivables		250,771	207,465
Prepayments		19,753	-
Total Current Assets		8,141,005	349,693
Non-Current Assets			
Plant and equipment		215,672	201,768
Exploration & evaluation	7	584,947	458,260
Total Non-current Assets		800,619	660,028
TOTAL ASSETS		8,941,624	1,009,721
LIABILITIES			
Current Liabilities			
Trade and other payables	8	542,957	483,836
Loans	9	-	19,715,909
Total Current Liabilities		542,957	20,199,745
TOTAL LIABILITIES		542,957	20,199,745
NET ASSETS		8,398,667	(19,190,024)
Equity			
Contributed equity	10	11,194,703	16,595
Reserves		-	(18,988,705)
Accumulated losses		(2,796,036)	(217,914)
TOTAL EQUITY		8,398,667	(19,190,024)

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

UNAUDITED – PREPARED BY MANAGEMENT	Note	Consolidated 6 months ended December 2010 US\$
Cash flows from operating activities		
Exploration development		(1,620,718)
Payments to suppliers and employees		(403,734)
Interest received		2,362
Income taxes paid		-
Net cash inflow / (outflow) from operating activities		<u>(2,022,090)</u>
Cash flows from investing activities		
Payments for property, plant and equipment		(30,625)
Receipt of cash on subsidiary acquired		3,803
Net cash inflow/(outflow) from investing activities		<u>(26,822)</u>
Cash flows from financing activities		
Proceeds from the issue of shares		13,621,874
Capital raising costs		(3,032,516)
Loans repaid		(1,585,277)
Loan funds received		865,013
Net cash inflow/(outflow) from financing activities		<u>9,869,095</u>
Net (decrease)/increase in cash and cash equivalents		<u>7,820,183</u>
Cash and cash equivalents at beginning of period		142,228
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		(91,930)
Cash and cash equivalents at end of the period	6	<u><u>7,870,481</u></u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

RATEL GOLD LIMITED INTERIM FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY
 UNAUDITED – PREPARED BY MANAGEMENT
 FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

CONSOLIDATED	<i>Issued capital US\$</i>	<i>Acquisition Reserve US\$</i>	<i>Accumulated Losses US\$</i>	<i>Total US\$</i>
At 1 July 2010	16,595	(18,988,705)	(217,914)	(19,190,024)
Profit/(loss) for the period	-	-	-	-
Other comprehensive income/(loss)	-	-	(2,578,122)	(2,578,122)
Total comprehensive income/(loss) for the period	-	-	(2,578,122)	(2,578,122)
Equity Transactions:				
Share issues	14,210,624			14,210,624
Transaction costs	(3,032,516)			(3,032,516)
Acquisition Reserve	-	18,988,705		18,988,705
At 31 December 2010	11,194,703	-	(2,796,036)	8,398,667

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

UNAUDITED – PREPARED BY MANAGEMENT

1. CORPORATE INFORMATION

Ratel Gold Limited is a company incorporated in the British Virgin Islands and limited by shares which are publicly traded on the Toronto Stock Exchange.

On the 7 January 2011, the Company 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").

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. Andrew Russell has been appointed President and Chief Executive Officer, and Llee Chapman will serve as Chief Financial Officer.

Also as part of the Acquisition, the Company undertook a name change to "St. Augustine Gold and Copper Limited", and commenced trading under the TSX symbol "SAU" on the 21st of January 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The interim financial report should be read in conjunction with the Annual Financial Report of Ratel Gold Limited as at 30 June 2010.

It is also recommended that the interim financial report be considered together with any public announcements made by Ratel Gold Limited and its controlled entities during the 6 month period ended 31 December 2010 in accordance with the continuous disclosure obligations of the TSX.

(a) Basis of Accounting

The interim financial report is a general purpose condensed financial report which has been prepared in accordance with the requirements of the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The interim financial report has been prepared on a historic cost basis.

The financial report is presented in United States Dollars ("US\$").

For the purposes of preparing the interim financial report, the interim has been treated as a discrete reporting period.

(b) Significant accounting policies

The interim consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2010.

	Consolidated Six months ended 31 December 2010 US\$
3. REVENUES	
Interest Income	3,262
	<u>3,262</u>
4. EXPENSES	
Employee Benefits	390,918
Consultants fees	67,408
Motor vehicle expenses	65,890
Travel expenses	163,839
Exploration and drilling costs	490,316
Depreciation expense	16,731
Rental Expense	113,395
Other	182,375
	<u>1,490,872</u>

5. CONTRIBUTED EQUITY

	Consolidated 31 December 2010 Number	Consolidated 30 June 2010 Number
(a) Issued and paid up capital:		
Issued and fully paid shares	90,000,000	17,500,000

Movements in contributed equity during the past three months were as follows:

Ordinary Shares	Number	US\$
Opening balance at 1 July 2010	17,500,000	16,595
Add: share issues	72,500,000	14,210,624
Transaction costs	-	(3,032,516)
Total shares on issue at 30 September 2010	<u>90,000,000</u>	<u>11,194,703</u>

Ratel also raised gross proceeds of C\$25 million through a private placement (the "Private Placement") which closed 30 November 2010. The Private Placement consisted of 83,333,334 subscription receipts (the "Subscription Receipts") in the capital of the Company at a price of C\$0.30 per Subscription Receipt. The release conditions were satisfied, and 83,333,334 common shares were issued on 7 January 2011.

Also on 22 December 2010 the Company announced that it had closed its previously announced offering of 32,800,000 subscription receipts at a price of C\$1.22 per subscription receipt for gross proceeds of C\$40,016,000 (the "Offering"). The escrow released conditions were satisfied with respect to this Offering on 18 January 2011 and 32,800,000 common shares of the Company were issued in connection therewith.

6. CASH AND CASH EQUIVALENTS

For the purposes of the half year cash flow statement, cash and cash equivalents are comprised of the following:

	31 December 2010 US\$	30 June 2010 US\$
Cash at bank and on hand	7,870,481	136,500
Short term deposits	-	5,728
	<u>7,870,481</u>	<u>142,228</u>

7. OTHER – NON CURRENT ASSETS

	31 December 2010 US\$	30 June 2010 US\$
Deferred listing costs in respect of TSX Listing & Capital Raising	-	458,260
Exploration and Evaluation asset	584,947	-
	<u>584,947</u>	<u>458,260</u>

8. TRADE AND OTHER PAYABLES

	31 December 2010 US\$	30 June 2010 US\$
Trade Creditors	542,957	5,182
Accrued payables	-	478,654
	<u>542,957</u>	<u>483,836</u>

The accrued payables balance includes loans made by the Company's previous ultimate parent to entities with the consolidated group. Loans which were not forgiven upon the listing of the Company on the TSX have been recognised in accrued payables.

9. LOANS

	31 December 2010 US\$	30 June 2010 US\$
Loans from CGA Mining Limited	-	19,715,909
	<u>-</u>	<u>19,715,909</u>

The loans made by CGA Mining Limited to entities in the Company's consolidated group, were forgiven by CGA Mining Limited upon the listing of the Company on the TSX on 6 August 2010.

10. EVENTS SUBSEQUENT TO BALANCE DATE

There have been the following significant events subsequent to balance date:

- On the 7th of January 2011, the Company 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 19 November 2010 (the "Circular"). 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 Lee Chapman will serve as Chief Financial Officer;
- Also as part of the Acquisition, the Company undertook a name change to "St. Augustine Gold and Copper Limited", and commenced trading under the TSX symbol "SAU" on 21 January 2011;
- 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 were used to repay an obligation of the entities acquired (US\$15M) pursuant to the Acquisition to CGA Mining Limited, and also to fund exploration and feasibility study activities for the King-king Project and for working capital and general corporate purposes. On 18 January 2011 the Company announced that the escrow release conditions had been satisfied with respect to the previously completed C\$40 million brokered offering of subscription receipts (the "Offering"), and 32,800,000 common shares of the Company were issued in connection therewith. ;
- Ratel extended loans to a director and a consultant of the Company to facilitate their purchase of an aggregate of 3,000,000 Ratel Shares at a price of CDN\$0.30 per share;
- Concurrently with the closing of the Acquisition, Ratel has also completed the Spin-out Reorganization (as defined in the Circular) of its African property interests into Ratel Group Limited ("Ratel Group"), which listed on the TSX on the 4 January 2011 trading under the symbol "RTG". Pursuant to the terms of the Spin-out Reorganization, each shareholder of Ratel has been issued five common shares in the capital of Ratel Group for every nine common shares of Ratel held on the share distribution record date of 6 January 2011.

11. SEGMENT INFORMATION

The following table presents the revenue and result information regarding operating segments for the period ended 31 December 2010.

	Nigeria	Zambia	Ghana	Eliminations/Unallocated	Consolidated
	31 December 2010 US\$	31 December 2010 US\$	31 December 2010 US\$	31 December 2010 US\$	31 December 2010 US\$
Revenue					
Segment					
Revenue	14	-	-	704	718
Other					
income	-	-	-	-	-
Results					
Segment					
Profit/(Loss)	<u>(908,557)</u>	<u>(533,354)</u>	<u>(423,160)</u>	<u>(713,051)</u>	<u>(2,578,122)</u>