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**MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")**
**QUARTER ENDED DECEMBER 31, 2010**

*(All figures are in US dollars unless otherwise indicated and the effective date of this MD&A is February 10th, 2011)*

## Introduction

Management's discussion and analysis provides a review of the performance of Ratel Gold Limited's ("Ratel", "Company" or "the Group") operations and compares its performance with those of the preceding year and quarters. Ratel was incorporated on January 27, 2010, and formed a consolidated group June 1, 2010, as such, there are no comparatives for the preceding year or quarters. This discussion also provides an indication of future developments along with issues and risks that can be expected to impact future operations. This report has been prepared on the basis of available information up to December 31, 2010 and should be read in conjunction with the audited financial statements for the year ended June 30, 2010 and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards. All dollar amounts referred to in this discussion and analysis are expressed in United States dollars except where indicated otherwise.

Additional information relating to the Company, including the Company's Annual Information Form ("AIF") can be found on SEDAR at www.sedar.com.

## Cautionary Note Regarding Forward Looking Statements

Certain statements contained in this MD&A constitute forward looking statements within the meaning of applicable securities laws including, among others, statements made or implied relating to the Company's objectives, strategies to achieve those objectives, the Company's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward looking statements generally can be identified by words such as "objective", "may", "will", "expect", "likely", "intend", "estimate", "anticipate", "believe", "should", "plans" or similar expressions suggesting future outcomes or events. Such forward looking statements are not guarantees of future performance and reflect the Company's current beliefs based on information currently available to management. Such statements involve estimates and assumptions that are subject to a number of known and unknown risks, uncertainties and other factors inherent in the business of the Company and the risk factors discussed in the Company's AIF and other materials filed with the securities regulatory authorities from time to time which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Those risks and uncertainties include, but are not limited to: the mining industry (including operational risks; risks in exploration, and development; the uncertainties involved in the discovery and delineation of mineral deposits, resources or reserves; and the uncertainty of mineral resource and mineral reserve estimates); the risk of gold, copper and other commodity price and foreign exchange rate fluctuations; the ability of the Company to fund the capital and operating expenses necessary to achieve the business objectives of the Company; the uncertainty associated with commercial negotiations and negotiating with foreign governments; the risks associated with international business activities; risks related to the previous operations in Zambia, Nigeria and Ghana and the new operations in the Philippines; environmental risk; the dependence on key personnel; and the ability to access capital markets.

Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date the statements were made and readers are advised to consider such forward looking statements in light of the risks set forth above. Except as required by applicable securities laws, the Company assumes no obligation to update or revise any forward looking statements to reflect new information or the occurrence of future events or circumstances.

**Background and Review of Operations**

Ratel was incorporated on January 27, 2010 as a wholly owned subsidiary of CGA Mining Limited ("CGA"), an Australian incorporated entity listed on the Australian Stock Exchange ("ASX") and the Toronto Stock Exchange ("TSX"), and is domiciled in the British Virgin Islands.

On June 1, 2010, Ratel agreed to acquire a 100% interest in Zambian Mining Limited ("Zambian Mining") and CGX Limited ("CGX").

On August 6, 2010 Ratel successfully completed a capital raising of C$14,000,000 (gross) by way of issuing 70 million new shares in the Company and listing on the TSX. The successful listing reduced CGA's shareholding to approximately 20% in Ratel, and therefore Ratel is no longer controlled by CGA.

CGX and Zambian Mining were incorporated to act as holding companies respectively for the interests in the Segilola Gold Project in Nigeria and the Mkushi Copper Project in Zambia. A joint venture was entered into with African Eagle Resources ("AFE") on the Mkushi Copper Project in Zambia where Seringa Mining Limited ("SML") acquired a 51% interest in the project, with AFE retaining a 49% interest. SML was responsible for funding a bankable feasibility study, while AFE manages exploration initiatives outside the initial development zones, with funding proportional to the percentage interest held by each party in the project. The joint venture agreement was finalised and executed on May 30, 2007. SML has prepared a detailed feasibility study, but any decision to commit to a development is dependant on an improvement in general economic conditions. Subsequent to the end of the December quarter, this asset has been spun-off in the listing of Ratel Group Limited ("Ratel Group") on the TSX.

Segilola Gold Limited ("SGL") entered into a joint venture with Tropical Mines Limited ("TML"), a private company based in Nigeria, to earn a 51% interest in the Segilola Gold Project in Nigeria, considered to be the most advanced gold exploration project in the country. TML is a Nigerian company owned in joint venture by local investors and the Government. A joint venture agreement has been signed ("the JV Agreement") and drilling is ongoing at the project, with a maiden resource announced by CGA during the December 2009 quarter of an indicated resource of 3,620,386 tonnes at a grade of 4.5g/t for 521,814 ounces of gold and an inferred resource of 747,590 tonnes at a grade of 4g/t for 96,445 ounces of gold.

A feasibility study was commenced in November 2009 at the Segilola Gold Project which has been completed in line with the requirements set out in the JV Agreement. Subsequent to the end of the December quarter, this asset has been spun-off in the listing of Ratel Group on the TSX.

As previously stated, on August 6, 2010, Ratel successfully closed the initial public offering of common shares (the "Offering"). Pursuant to the Offering, Ratel issued 70,000,000 common shares at a price of C$0.20 per common share, for aggregate gross proceeds of C$14 million. The net proceeds of the capital raising are being used primarily for exploration and development activities, general and administrative expenses, and for working capital purposes. During the period, Ratel repaid $1.5M to CGA for funds provided subsequent to Ratel listing on the TSX.

Ratel also entered into an option agreement dated May 27, 2010 with Central Asia Minerals Limited ("CAML") to acquire 100% of its interest in CAML Ghana Limited ("CAML Ghana"), the company holding a 51% interest in the Obuasi Gold Project in Ghana ("Obuasi Project"). Pursuant to its terms, the option was exercised during August for the issue of a further 2.5 million shares in Ratel with a condition subsequent that Ghanaian ministerial approval to a change of control in CAML Ghana, if required, is obtained.

On October 18, 2010 Ratel incorporated a new subsidiary, Ratel Group . During December 2010 Ratel transferred control of Zambian Mining and CAML Ghana, the entities holding the African assets, to Ratel Group. Subsequent to December 31, 2010, Ratel completed a spin-off of Ratel Group and its subsidiaries by way of an entitlement issue back to Ratel shareholders of shares in Ratel Group. The entitlement date was set at January 6, 2010 prior to completion of the abovementioned transactions and was effected by way of a return of capital

Also on October 18, 2010 the Company announced it had entered into a strategic alliance with CGA and an agreement to acquire the interests held by Russell Mining & Minerals, Inc. and their subsidiaries (the "RMMI Group"), in the significant King-king Copper-Gold Project in the Philippines ('the King-king Interests"), which was part of a series of transactions which were approved at the shareholders meeting held on December 23, 2010 ("the Acquisition").

In consideration for the Acquisition, Ratel agreed to issue 80,000,000 new shares upon closing of the Acquisition (which occurred on January 7, 2010), and a further 75,000,000 new shares when a feasibility study is completed on the King-king Interests.

Ratel also raised gross proceeds of C$25 million through a private placement (the "Private Placement"). 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 January 7, 2010. CGA, an insider of Ratel participated in the Private Placement for C$14.9 million, being the equivalent amount of the funding facility it provided to RMMI, which was then repaid in full by Ratel on closing of the Acquisition. The Company also issued a further 3 million shares at C$0.30 to parties including an insider, funded by loans from the Company.

Ratel spun out ("Spin-Out Reorganisation") its African property interests into a separate public company which was listed on the Toronto Stock Exchange on January 4, 2011, Ratel Group, trading under the symbol "RTG". Each shareholder holding shares on the entitlement date of January 6, 2011, received 5 common shares in the capital of Ratel Group for every 9 Ratel Shares held on the share distribution record date of January 6, 2011. As part of the Spin-Out Reorganisation, Ratel Group undertook a capital raising ("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 were exchanged for shares of Ratel Group upon completion of the Spin-out Reorganisation on January 7, 2010, and 100,000,000 common shares of Ratel Group were issued in connection therewith

Finally, on December 22, 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 Offering was sold by a syndicate of agents led by BMO Capital Markets, and including CIBC World Markets Inc. and Dundee Securities Corporation. The net proceeds of the Offering will be used for the preparation of a feasibility study on the King-king project in the Philippines, possible advancement of the settlement process with Benguet Corporation and general working capital and administrative purposes.

On January 18, 2010 the Company also announced that the escrow release conditions had been satisfied with respect to the Offering, and 32,800,000 common shares of the Company were issued in connection therewith.

In connection also 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.

Further, as a result of the Acquisition, the Company completed its name change on January 18, 2010 to "St. Augustine Gold and Copper Limited", and commenced trading under the TSX symbol "SAU" January 21, 2010.

The business of the Company should be considered speculative given the volatility in world stock markets (particularly with respect to mining and exploration companies) and the uncertain nature of mining and exploration activities generally. Amongst other things, some of the key risk factors faced by Ratel include:

- foreign exchange movements;
- movements in commodity prices (in particular the gold and copper price and costs of production);
- access to new capital (both debt and equity) and meeting liquidity requirements;
- the uncertain nature of exploration and development activities;
- increases in capital expenditures necessary to advance the Company’s projects;
- the ability to profitably exploit new development projects;
- political, security and sovereign risks of the Philippines;
- permitting and local community support; and
- environmental obligations.

For further information on these and other risks inherent in the Company’s business, we direct readers to the Company’s Annual Information Form (“AIF”) for the most recently completed financial year lodged on SEDAR at www.sedar.com and the Management Information Circular dated November 19, 2010.

**Selected Quarterly Data**
(US$)

| | **2011 Annual Total** | **Q2 Dec 2010** | **Q1 Sep 2010** | **2010 Annual Total** | **Q4 Jun 2010** |
|---|---|---|---|---|---|
| Total revenues | 3,262 | 2,544 | 718 | 9 | 9 |
| Net profit/(loss) | (2,578,122) | (1,522,799) | (1,055,323) | (217,914) | (217,914) |
| Per share (undiluted US$ cents per share) | (5.76) | (0.97) | (4.79) | (1.32) | (1.32) |
| Per share (diluted US$ cents per share) | (5.76) | (0.97) | (4.79) | (1.32) | (1.32) |

Ratel was incorporated on January 27, 2010. On June 1, 2010, Ratel purchased 100% of CGX and Zambian Mining, thereby acquiring their interests in the Segilola Gold Project and Mkushi Copper Project, respectively (which have now been spun-off). As Ratel was only formed during the 2010 financial year, there is no comparative information prior to the March 2010 quarter.

## Quarterly Results

### Period Three months ended December 31, 2010 compared with three months ended September 30, 2010

The Company's result for the three months to December 31, 2010 was a net loss of $1,522,799 or 0.97 cents per share (undiluted) compared to the first quarter which showed a net loss of $1,055,323 or 4.8 cents per share (undiluted). The result for the most recent quarter principally reflects exploration costs written off at the Company's Nigerian, Zambian and Ghanaian Projects of $727,685 and legal fees incurred in relation to the Company's recent King-king acquisition/Ratel Group spin off of $598,309. The September 2010 quarter result was made up predominantly of exploration costs written off at the Company's Nigerian and Zambian Projects, totaling $763,186.

### Revenues

For the three months to December 31, 2010 revenue earned was $2,544 compared with $718 for the previous quarter which was earned from bank interest on the Company's corporate bank accounts. These accounts earn minimal interest, and are subject to foreign currency fluctuations.

### Expenses

Expenses for the three months to December 30, 2010 were $1,525,343 compared to $1,056,041 for the previous quarter. The main reasons for the variance are outlined below.

### Specific items discussed below:

*Exploration costs written off*
The Company incurred exploration costs of $727,686 during the current period compared to $763,186 during the previous quarter. The costs in the current period are in relation to maintaining the Company's African projects along with some initial costs related to drill programs at the Segilola and Ghanaian projects - these drill programmes have been delayed and are expected to commence in the next quarter. The costs in the previous period were largely attributable to ongoing maintenance at the Company's African projects and costs in relation to preparation of a feasibility study at the Segilola Project in Nigeria along with costs in relation to the commencement of a drilling program at Segilola.

*Administrative expenses*
The Company incurred administrative costs of $778,958 during the current period compared to $206,301 during previous quarter. The costs in the current period related largely to legal fees incurred in relation to the Company's recent King-king acquisition/Ratel Group spin off ($598,308), and further accounting/legal costs for the Segilola project optimisation mentioned below ($53,268). In the previous quarter costs related largely to share registry costs in Canada ($18,668), and legal costs ($64,375) in relation to both general legal advice for identifying the optimal corporate structure for the Segilola project, along with optimising and clarifying the applicable/appropriate tax regime in country.

*Foreign exchange losses*
During the current quarter, the Company also incurred foreign exchange losses totaling $18,699 compared to $86,553 for September 30, 2010. These movements relate largely to the operation of the Company's subsidiary accounts in foreign currencies, for in country reporting purposes, and their translation into US dollars, the Company's functional currency. The cost in the previous quarter was largely attributable to the capital raising in Canadian dollars and exchange to US Dollars.

**Liquidity and Capital Resources**

As at December 31, 2010, the Company had cash and cash equivalents of $7,870,481 compared to $12,237,816 in the previous quarter. Ratel was incorporated on January 27, 2010, and formed a consolidated group with Zambian Mining and CGX on June 1, 2010, therefore there is no available comparative information prior to the June 2010 quarter.

The Company successfully closed its initial public offering on August 6, 2010, issuing 70 million common shares at a price of C$0.20 per common share, receiving proceeds of $12.8 million net of 5% brokers' fees, not including other raising costs. The funds provided Ratel and its subsidiaries with sufficient cash to meet their current planned activities and working capital requirements. The Company does not currently have any derivative financial instruments. At June 30, 2010, the Company had $19.7M of external debt in the form of inter-company loans owing to CGA. During the September 2010 quarter Ratel successfully completed its listing on the TSX and a total of $19M of loans has been forgiven. The $1.5M provided subsequently by CGA was reimbursed to CGA in the current quarter.

During the current quarter the Company also successfully completed two private placements totalling 116.1M shares, for gross proceeds of $65M. On January 7, 2011 release conditions with respect to the 83.3M non brokered placement were satisfied and 83.3M common shares were issued raising $25M (before other raising costs). On January 18, 2011 the Company announced that escrow release conditions had been satisfied in respect to the 32.8M shares brokered placement, and the shares were issued. Total proceeds raised were $38 million net of 5% brokers' fees, not including other raising costs. The proceeds of both raisings will be used to repay the obligation of the entities acquired pursuant to the Acquisition to CGA Mining Limited, to fund feasibility and explorations activities for the King-king Project, and for working capital and general corporate purposes.

The Company manages liquidity risk through maintaining sufficient cash or credit terms with its suppliers to meet the operating requirements of the business and investing excess funds in highly liquid short term cash deposits. Maintaining surplus working capital in highly liquid short term deposits allows the Company to meet its primary objectives by being able to fund new development and acquisition opportunities at short notice.

**Contractual obligations**

| | Payments due by period ($) | | | | |
|---|---|---|---|---|---|
| **Contractual obligations** | **Total US$** | **Less than 1 year US$** | **1-3 years US$** | **4-5 years US$** | **More than 5 years US$** |
| Benguet Settlement | 15,050,000 | - | 3,050,000 | 4,000,000 | 8,000,000 |
| Nadecor Agreement | 83,000,000 | 33,000,000 | 50,000,000 | - | - |
| Totals | 98,050,000 | 33,000,000 | 53,050,000 | 4,000,000 | 8,000,000 |

The Benguet settlement above refers to the actual settlement amount which is fully in the name of SAML. However, NADECOR owes an equal amount under the agreement therefore after the October 2010 transactions the total remaining on the debt to Benguet is $15,050,000 of which SAML and NADECOR will each pay $7,525,000.

As of December 31, 2010 SAML has satisfied approximately $15 million of the $33 million due under the above NADECOR agreement due in less than 1 year.

**Transactions with Related Parties**

During the quarter ended December 31, 2010, the Company entered into transactions with related parties in the wholly-owned group:

- loans were advanced on short term inter-company accounts between;
    - CGX and its wholly owned subsidiary SGL for the purpose of funding a feasibility study on the Segilola Gold Project and the funding of the day to day operating costs of SGL. The total amount loaned for the 3 month period was $408,096; and
    - between Zambian Mining and its wholly owned subsidiary SML for the purpose of funding the day to day operating costs of SML. The total amount loaned for the 3 month period was $233,892; and
    - between Ratel and its wholly owned subsidiary CAML Ghana for the purpose of funding the day to day operating costs of CAML Ghana. The total amount loaned for the 1 month period was $146,620.

These transactions were undertaken on commercial terms and conditions except that:

- loans are repayable at call; and
- no interest is payable on the loans at present.

**Outstanding Share Data**

As at January 28, 2010, the Company had 293,833,334 common shares outstanding and 14,975,000 unlisted options on issue. Each option is exercisable into one common share in the capital of the Company.

On January 7, 2011, the Board of Directors approved the issuance of 11,175,000 incentive stock options pursuant to the terms of the Company's 2010 Stock Option Plan. These options were issued to directors, officers, employees and consultants with an exercise price of $1.54 for a 5 year term. These options vest over 3 years, with one third vesting immediately, and then one third vesting on each of the next 2 anniversary dates.

**Critical Accounting Estimates**

The significant accounting policies used by Ratel are disclosed in Note 2 to the annual financial statements for the year ended June 30, 2010. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstances may result in actual results or changes to estimated amounts that differ materially from current estimates.

**Accounting Policies**

The Group’s current financial report complies with International Financial Reporting Standards (“IFRS”). The accounting policies of the Group are set out in Note 2 to the June 30, 2010 Annual Financial Statements, available on www.sedar.com.

**Income Taxes**

The determination of income and other tax liabilities requires interpretation of complex laws and regulations. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ from that estimated and recorded by management.

**Internal Controls and Disclosure Controls**

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for the design and effectiveness of internal controls over financial reporting (as such term is defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52- 109")), to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with Australian International Financial Reporting Standards. The Company maintains an effective control environment and has used the Internal Control –- Integrated Framework (COSO Framework) published by The Committee of Sponsoring Organizations of the Treadway Commission to design the Company's internal controls over financial reporting. The Company's CEO and CFO believe that the Company's internal controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

During the quarter ended December 31, 2010, there have been no changes in the Company's polices and procedures and other processes that comprise its internal control over financial reporting, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

The Company's CEO and CFO are also responsible for the design and effectiveness of disclosure controls and procedures (as such term is defined in NI 52-109) to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's CEO and CFO believe that the Company's disclosure controls and procedures are effective in providing reasonable assurance that information required to be disclosed under applicable securities legislation is recorded, processed, summarized and reported in a timely manner.

The Company's CEO and CFO have each evaluated the effectiveness of the Company's internal controls over financial reporting and disclosure controls and procedures as of December 31, 2010 and have concluded that these controls and procedures are effective in reasonably assuring the reliability of financial reporting and that material information relating to the Company is made known to them by others within the Company and that such controls and procedures have no material weaknesses and no limits on the scope of their design.

**Future Outlook**

The Company's future is currently tied to completion of the earn-in on the King-king Project by its wholly owned subsidiary St. Augustine Mining Ltd. The company is actively working on completion of a Preliminary Economic Assessment (to NI 43-101 standards) scheduled for publication in Q4 2011. The Definitive Feasibility Study is expected to be complete in the first quarter of 2012, which will complete the requirements of the earn-in as defined in the Memorandum of Understanding with Nadecor and give the company 60% ownership of the King-king Project.