Condensed Interim Consolidated Financial Statements
(Expressed in United States Dollars)
For the three month period ended March 31, 2011

August 15, 2011

Re: St. Augustine Gold and Copper ("the Company")
Re-filed Unaudited Condensed Interim Consolidated Financial Statements for the interim period ended March 31, 2011

The attached Unaudited Condensed Interim Consolidated Financial Statements for the interim period ended March 31, 2011 ("the amended Q1 2011 Financials") have been revised from the previous version filed by the Company on May 16, 2011.

These changes result primarily from the Company adopting the December 31st year end of the acquirer company as opposed to the June 30th fiscal year end of the acquired company. Other insignificant disclosures have been updated to conform to current and ongoing presentation.

ST. AUGUSTINE GOLD & COPPER, LTD. AND SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Stated in U.S. dollars)

		As at March 31, 2011 (unaudited)		As at December 31, 2010 (unaudited)
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$	48,641,346	$	583,602
Prepaid expenses		192,661		-
Travel advances		69,997		18,000
Accounts receivable		2,651		98,316
Total Current Assets		48,906,655		699,918
NON-CURRENT ASSETS				
Advances receivable (Note 5)		4,445,446		7,028,295
Note receivable (Note 4)		900,390		-
Goodwill (Note 4)		18,346,736		-
Investment in related party		-		125,737
Investment in mining property (Note 7)		32,682,422		18,745,044
Property and equipment, net (Note 6)		642,329		-
Total Non-Current Assets		57,017,323		25,899,076
TOTAL ASSETS	$	105,923,978	$	26,598,994
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	$	2,345,472	$	913,885
Due to related parties (Note 8)		5,892		3,503,846
Loan payable (Note 9)		-		11,694,601
Total Current Liabilities		2,351,364		16,112,332
NON-CURRENT LIABILITIES				
Long Term Debt (Note 12)		8,723,960		8,467,389
STOCKHOLDERS' EQUITY				
Share capital (Note 11)		85,719,539		2,069,664
Warrants (Note 11)		-		1,739,000
Stock Options (Note 11)		8,869,688		-
Shares to be issued (Note 10)		5,310,925		-
Accumulated deficit		(5,051,498)		(1,789,391)
Total Stockholders' Equity		94,848,654		2,019,273
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	105,923,978	$	26,598,994

GOING CONCERN (NOTE 2)

COMMITMENTS AND CONTINGENCIES (Note 12)

SUBSEQUENT EVENTS (Note 15)

The accompanying notes are an integral part of these condensed interim consolidated financial statements

ST. AUGUSTINE GOLD & COPPER, LTD. AND SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
(Stated in U.S. dollars)

		For the three months ended March 31, 2011
		(unaudited)
REVENUES	$	-
OPERATING EXPENSES		
Stock compensation expense (Note 11)		3,174,688
Stock listing and transfer fees		248,450
Other general and administrative costs		26,748
TOTAL EXPENSES		3,449,886
OTHER INCOME AND EXPENSES		
Interest income		187,779
NET LOSS		(3,262,107)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO SHAREHOLDERS	$	(3,262,107)
NET LOSS PER COMMON SHARE, BASIC AND DILUTED	$	(0.01)
WEIGHTED AVERAGE COMMON STOCK SHARES OUTSTANDING, BASIC AND DILUTED		277,350,185

The accompanying notes are an integral part of these condensed interim consolidated financial statements

ST. AUGUSTINE GOLD & COPPER, LTD. AND SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
(Stated in U.S. dollars)

		For the three months ended March 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Total comprehensive loss	$	(3,262,107)
Stock compensation expense (Note 11)		3,174,688
Depreciation expense		20,978
Foreign currency translation		3,769
Changes in assets and liabilities:		
Increase in prepaid expenses and travel advances		(244,658)
Decrease in accounts receivable		104,610
Net cash provided by operating activities		(202,720)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in investment in mining property		(9,721,880)
Purchase of property and equipment (Note 6)		(663,307)
Net cash used by investing activities		(10,385,187)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash from reverse acquisition and recapitalization (Note 4)		7,210,251
Increase in due to related parties		5,892
Repayments to related parties (Note 9)		(2,000,000)
Proceeds attributed to common stock (Note 4)		53,429,508
Net cash provided by financing activities		58,645,651
INCREASE IN CASH AND CASH EQUIVALENTS		48,057,744
Cash, beginning of period		583,602
Cash, end of period	$	48,641,346
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$	-
Income taxes paid	$	-
Accretion of Benguet note payable discount	$	256,571
Investment in mining properties advanced from related party	$	126,341
Notes receivable issued in recapitalization (Note 4)	$	904,159
Additional investment in mining properties from contol change (Note 4)	$	5,798,354
Advances included in investment in mining properties (Note 9)	$	2,794,601
Accounts receivable netted to future investment (Note 4)	$	41,253
Goodwill recognized upon reverse acquisition (Note 4)	$	18,346,736
Conversion of note payable to equity (Note 4)	$	1,336,252
Investment in mining properties financed through accounts payable	$	1,291,594

The accompanying notes are an integral part of these condensed interim consolidated financial statements

ST. AUGUSTINE GOLD & COPPER, LTD. AND SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Stated in U.S. dollars)

	Shares	Share Capital	Warrants	Shares to be issued	Stock Options	Accumulated Deficit	Total
Balance, March 31, 2010	1	$ 1	$ -	$ -	$ -	$ -	$ 1
Shares and warrants issued for contributed capital and finders agreement	10,000,000	2,069,663	1,739,000	-	-	-	- 3,808,663
Total comprehensive loss for the period ended December 31, 2010	-	-	-	-	-	(1,789,391)	(1,789,391)
Balance, December 31, 2010	10,000,001	$ 2,069,664	$ 1,739,000	$ -	$ -	$ (1,789,391)	$ 2,019,273
Ratel shares outstanding upon recapitalization	90,000,000	-	-	-	-	-	-
SAML's shares/warrants eliminated	(10,000,001)	-	-	-	-	-	-
Cancellation of warrants	-	1,739,000	(1,739,000)	-	-	-	-
Shares issued on RTO	80,000,000	5,665,014	-	-	14,450,000	-	20,115,014
Shares to be issued	-	-	-	5,310,925	-	-	5,310,925
Additional capital contributed	-	1,462,593	-	-	-	-	1,462,593
Shares issued to ex-officers for notes receivable	3,000,000	904,159	-	-	-	-	904,159
Options exercised concurrent with recpitalization (Note 4)	4,700,000	8,910,735	-	-	(7,990,000)	-	920,735
Private placement concurrent with recapitalization (Note 4)	83,333,334	25,196,041	-	-	-	-	25,196,041
Additional private placement at $1.22 (CDN) net of offering expenses of $1,282,125 (Note 4)	32,800,000	38,918,800	-	-	-	-	38,918,800
Exercise of stock options	450,000	853,533	-	-	(765,000)	-	88,533
Stock option-compensation vested (Note 11)	-	-	-	-	3,174,688	-	3,174,688
Total comprehensive loss for the three months ended March 31, 2011	-	-	-	-	-	(3,262,107)	(3,262,107)
Balance, March 31, 2011	294,283,334	$ 85,719,539	$ -	5,310,925	$ 8,869,688	$ (5,051,498)	$ 94,848,654

The accompanying notes are an integral part of these condensed interim consolidated financial statements

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

St. Augustine Gold and Copper Limited ("SAGCL" or "the Company") is the successor to and sole owner of St. Augustine Mining, Inc. ("SAMI") which was incorporated on March 31, 2010 under the laws of British Columbia, Canada. The Company also wholly owns St. Augustine Mining Ltd. ("SAML") which was incorporated on March 25, 2010 under the laws of the Cayman Islands. The address of SAGCL's corporate office is 400 S. Jefferson St., Suite 202, Spokane, WA, USA, 99204. SAMI's registered and records office is 1000-595 Burrard Street, Vancouver, British Columbia, V7X 1S8. SAGCL was originally incorporated as Ratel Gold Limited ("Ratel") in the British Virgin Islands and its registered address is Jayla Place, Wickham's Cay 1, Road Town, Tortola VG 1110, British Virgin Islands. As part of the reverse acquisition and recapitalization (Note 4), the Russell Mining and Minerals, Inc. 50% ownership and control of Strato International Holdings, Ltd. ("Strato") was transferred to the consolidated group.

To date the Company has earned no revenues and is currently focusing its efforts on the acquisition, development and exploration of mineral properties, and as such it is classified as an exploration stage company. The Company originally represented the interests of Russell Mining and Minerals, Inc. ("RMMI") in an agreement with Nationwide Development Corporation ("NADECOR"), a Philippines incorporated entity, under a Letter of Understanding dated November 10, 2009 and a Memorandum of Understanding ("MOU") executed on April 27, 2010. Under these agreements and subsequent amendments and related agreements, SAMI is responsible for SAML's operations and the resulting earn-in for expenditures made to benefit the King-king copper gold project (the "Project") in the Philippines. The King-king Project is a copper-gold project located at Sitio Gumayan, Barangay King-king, Municipality of Pantukan, Province of Compostela Valley, on Mindanao Island, Philippines. The Project is advanced with several years of exploration, including drilling and baseline studies, having been completed by Benguet Corporation ("Benguet"), the party which holds an interest in the King-king Project with NADECOR.

Due to the timing of the Company's formation in 2010 and the recent King-king transaction there is limited comparative information prior to the March 2011 quarter. Since the King-king transaction was considered a reverse acquisition within the meaning ascribed by International Financial Reporting Standards, the comparative financial statements for prior periods reflect the operations and financial position of SAML and other subsidiaries prior to the King-king transaction. Due to the timing of SAML's formation and commencement of business activities, the Company's statement of operations and cash flow for the quarter ended March 31, 2010 reflects an absence of activity and is therefore not included for comparison.

The SAGCL and its consolidated subsidiaries' year-ends are December 31.

The condensed interim consolidated financial statements were authorized for issue by the Company's Board of Directors on August 15, 2011.

NOTE 2 - GOING CONCERN

These consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and discharge of liabilities in the normal course of business. As shown in the accompanying consolidated financial statements, the Company has had no operating revenues and has incurred an accumulated loss of $5,051,498 through March 31, 2011. These factors raise doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon its ability to obtaining necessary financing. Such financing is necessary to complete development, fund operations and future production and the discovery of economically recoverable mineral reserves. Management is actively targeting sources of additional financing and while the Company has been successful in raising funds from related parties and other private parties in the past, there can be no assurance that it will be able to do so in the future. There can be no objective reliance on continuing support from related parties, which has been essential for the Company's development. As part of the recapitalization (Note 4) and the additional subsequent share issuances, the Company raised over fifty million dollars, but the Company has spending plans in place which will fully utilize these resources.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Company's condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim financing reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the period ending December 31, 2011.

Basis of presentation

The consolidated financial statements have been prepared under the historical cost convention. The operating company was incorporated on March 31, 2010 ("Inception") and accordingly there are no comparative periods to present.

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The operations of the subsidiaries included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated. For the purpose of these financial statements the Company's wholly owned subsidiaries are St. Augustine Mining, Ltd., St Augustine Mining, Inc., and MDC-America, Inc. Also

included is a 50% owned subsidiary, Strato, in which the Company owns fifty percent and controls operations and decision making processes.

Functional and presentation currency

The Company's functional and presentation currency is the U.S. dollar ("$").

Condensed Interim Consolidated Financial Statements

The condensed interim consolidated financial statements follow the same accounting principles and methods of application as those disclosed in Note 3 of the Company's audited consolidated financial statements for the year ended December 31, 2010, other than the following.

Property and Equipment

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of property and equipment is related to the actual costs and expenses associated with placing the property in service. Any equipment with a life of two years or less is expensed upon acquisition. When parts of an item of property and equipment have different useful lives, they are accounted for as separate components. The gain or loss on disposal of any item of property is determined by comparing the proceeds from disposal with the carrying amount of the property. The gain or loss is recognized on the interim statement of comprehensive loss.

Segment reporting

The Company and its subsidiaries have only one project currently under development and have no separate reporting segments.

Intangible assets and goodwill

Goodwill that arises from the acquisition of subsidiaries is recorded separately from intangible assets. The measurement of goodwill is at cost less any accumulated impairment losses. Goodwill arising from a business combination is measured at the fair value of the consideration recognized in the transaction. All of the goodwill recognized in the reverse acquisition transaction with Ratel (Note 4) in the March 31, 2011 quarter was not currently subject to an impairment test. As of March 31, 2011, the Company had no other identified intangible assets.

Goodwill is reviewed for impairment annually or more frequently if there are indications that impairment may have occurred. Goodwill impairment is tested at the cash generating unit ("CGU) level and is determined based upon the amount of future discounted cash flows generated by each CGU compared to the CGU's respective carrying amount. The Company currently only has one CGU. The recoverable amount is the greater of the fair value less cost to sell ("FVLCS") or value in use ("VIU"). VIU is generally determined using the discounted cash flow method. If the impairment loss exceeds the carrying amount of goodwill, the goodwill is written off completely. Any impairment loss is allocated to the remaining assets of the CGU.

Recent accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2011 or later periods. The standards that are applicable to the Company are as follows:

- IFRS 9, 'Financial Instruments' was issued in November 2009 as the first step in its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2013, with early adoption permitted. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge accounting.

- IFRS 10, 'Consolidated Financial Statements' was issued in May 2011 and will supersede the consolidation requirements in SIC-12 'Consolidation – Special Purpose Entities' and IAS 27 'Consolidated and Separate Financial Statements' effective for annual periods beginning on or after January 1, 2013, with early application permitted. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess.

- IFRS 11, 'Joint Arrangements' was issued in May 2011 and will supersede existing IAS 31, 'Joint Ventures' effective for annual period beginning on or after January 1, 2013, with early application permitted. IFRS 11 provides for the accounting of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard also eliminates the option to account for jointly controlled entities using the proportionate consolidation method.

- IFRS 12, 'Disclosure of Interests in Other Entities' was issued in May 2011 and is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

- IFRS 13, 'Fair Value Measurement' was issued in May 2011 and sets out in a single IFRS a framework for measuring fair value. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement. In addition, IFRS 13 also requires specific disclosures about fair value measurement. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

The application of these standards is not anticipated to have a material impact on the results and financial position of the Company.

NOTE 4 –REVERSE ACQUISITION AND RECAPITALIZATION

On September 30, 2010 SAMI entered into a Letter of Intent ("LOI") agreement with Ratel Gold Limited ("Ratel"), a Company traded on the TSX pursuant to which Ratel acquired all of the issued and outstanding shares of SAMI through a share exchange. Upon completion of the share exchange, the common parent company of SAMI, RMMI, received $2,000,000 in repayment of advances made to SAMI and SAML. Additionally, RMMI designated individuals to serve as directors such that RMMI controls the Board of Directors. The shareholders of Ratel approved the transaction in December 2010 and the effective date of share exchange and the change of control was January 7, 2011. The original 10,000,001 in stock issued and outstanding in SAMI was converted into 80,000,000 shares of the recapitalized entity and the additional 75,000,000 shares are owed upon the completion of the Bankable Feasibility Study ("BFS") on the King-king Project or any subsequent change of control.

Upon completion of the acquisition of SAMI by Ratel in January 2011, the continuing company changed its name to St. Augustine Gold & Copper Ltd. ("SAGCL"). Ratel had disposed of all of its operating subsidiaries in anticipation of the completion of the merger with SAMI. SAMI's subsidiary SAML will be the main operating entity of the combined companies and SAMI was deemed the surviving operating company for accounting purposes as part of a reverse acquisition. Ratel provided substantial financial assets, but no continuing operating activities to the combined companies.

As of January 7, 2011, the Company effectively received the following remaining assets and liabilities, which had been part of Ratel and represented the net assets acquired as part of the recapitalization.

Cash	$ 7,210,251
Receivables	8,945
Payables	(126,814)
Foreign exchange loss	(13,179)
	$ 7,079,203

The fair value of the consideration transferred was $25,425,939, resulting in goodwill on the transaction of $18,346,736 calculated as the difference between the fair value of the net assets received and the fair value of the equity consideration transferred.

Also at the time of the transaction, Ratel had 8,500,000 stock options outstanding, which continued to be available for conversion under their original terms under the recapitalized entity. Of these options, 4,700,000 were exercised concurrent with the Ratel transaction, resulting in additional proceeds of $920,735. As part of the restructuring and recapitalization, RMMI was required to cancel certain rights and obligations under the various agreements, which included the cancellation of 10,000,000 warrants in SAMI which had been previously valued at $1,739,000. The restructuring also included the net transfer of RMMI's capital account in Strato, which represented its 50% ownership of Strato, which resulted in an additional amount of $126,341 in net equity in the combined companies.

Concurrent with the January 7, 2011 transaction, 3,000,000 shares were issued to certain prior officers of Ratel with a transaction date value of $904,159 in exchanged for non-interest bearing notes for $900,000 (CDN).

NOTE 5 – ADVANCES RECEIVABLE

Advances receivable are comprised of amounts owing from or paid on behalf of NADECOR as follows:

	March 31, 2011	December 31, 2010
NADECOR's share of Note payable (Note 12)	$ 4,361,979	$ 4,233,694
Monies paid on behalf of NADECOR for advances to Strato	83,467	-
Monies paid on behalf of NADECOR for Benguet debt (Note 9)	-	2,794,601
	$ 4,445,446	$ 7,028,295

NADECOR shares in the liabilities to SAML under the "Head of Terms" agreement for the acquisition of the Benguet debts (Note 12). This includes its share of the discounted payments remaining to be made under the agreement which are $4,361,979 as of March 31, 2011 ($4,361,979 as of December 31, 2010) against a face amount of $7,525,000. NADECOR, as a 50% owner of Strato, is responsible for its share of the payments made on Strato transactions, which was $83,467 as of March 31, 2011 and December 31, 2010. The monies advanced to NADECOR for the repurchase of the Benguet debt were eliminated in the consolidation and elimination of the Strato corresponding entries and the allocation to the King-king Project.

NOTE 6 – PROPERTY AND EQUIPMENT

		Vehicles	Equipment	Total
Cost				
Balance, January 1, 2011	$	-	-	-
Acquisitions		584,400	78,907	663,307
Disposals		-	-	-
Balance, March 31, 2011	$	584,400	78,907	663,307
Accumulated depreciation				
Balance, January 1, 2011	$	-	-	-
Disposals		-	-	-
Depreciation expense		3,025	17,954	20,978
Balance, March 31, 2011	$	3,025	17,954	20,978
Net book value, March 31, 2011	$	581,375	60,953	642,329

There were no circumstances requiring impairment loss to be recognized in the three months ended March 31, 2011.

NOTE 7 – INVESTMENT IN MINING PROPERTY

In April, 2010, the Company's wholly owned subsidiary, SAML, entered into a Memorandum of Understanding ("MOU") with NADECOR. The MOU addresses the formation of a Joint Venture (the "KKJV") to develop the King-king Project ("the Project").

The agreement gives SAML the option to earn-in up to a 60% equity interest in the King-king Project through either direct or indirect equity interests in the KKJV and/or the companies in the KKJV structure. The earn-in by SAML is based on funding specific aspects of the King-king Project, completing the technical aspects of development of the operation, and direct payments to NADECOR.

SAML has committed to spend $43.5 million to complete a Bankable Feasibility Study ("BFS") for the Project. This will give SAML a 45% interest in the Project. SAML will earn an additional 6% through interim payments to NADECOR and an additional 9% by funding a total of $32 million in capital development expenditures. To earn the full 60% interest in the Project, SAML will spend, or pay to NADECOR, a total of $83,000,000 as outlined by the agreement. The Company also incurs costs related to the project which do not qualify for progress towards the earn-in.

SAML and NADECOR negotiated with Benguet to relinquish its rights to the Project. A "Heads of Terms" agreement ("Heads of Terms") was signed on July 22, 2010, between Benguet and SAML in which Benguet agrees to perform certain actions (Note 12) to transfer or assign its interest in the Project to either NADECOR or the KKJV.

Until such time that Benguet had transferred all of its interest in the King-king Project, and NADECOR and SAML form the KKJV to operate the King-king Project, SAML earns preferred shares in NADECOR by funding up to a maximum of $30 million, expenses of the Project and costs of the BFS. The preferred shares are non-voting, have a preference in the event of a dividend or liquidation and are convertible, at any time, to common shares on an equal exchange basis at the election of SAML. Investments past the $30 million level are then covered by an Interim Funding Agreement which states that such further investment constitutes earn in and provide assurance in respect thereof.

The formula which calculates the percentage of the NADECOR capital stock SAML earns is: [total qualifying amount expended / invested by the Company / $43,500,000(US)] x 45%.

The following summarizes the direct investment of expenditures which qualify for conversion to preferred shares in NADECOR or interest in a joint venture when it is established. These expenditures were made by SAMI or its subsidiary and related parties under the terms of the MOU.

		Amount in US $	Potential % ownership in NADECOR
Amount qualifying towards earn-in at December 31, 2010	$	13,042,621	13.49%
Consolidation of Strato upon RTO		6,024,718	6.23%
Investments qualifying under the earn-inmade during the period		9,696,856	10.03%
Amount qualifying towards earn-in at March 31, 2011	$	28,764,195	29.75%

A reconciliation of the progress made towards the earn-in to the amounts invested in mining properties included on the accompanying statements of financial position is as follows:

		March 31, 2011		December 31, 2010
Expenditures qualifying towards earn-in	$	28,764,195	$	13,042,621
Benguet note (Note 12)		4,361,980		4,233,695
Benguet payment (i)		-		219,673
Temporarily disallowed costs and expenses		306,473		221,163
Permanently disallowed costs and expenses		1,174,228		1,027,892
Property and equipment (Note 6)		(642,329)		-
Equity issuance costs		(1,282,125)		-
Investment in Mining Property	$	32,682,422	$	18,745,044

(i) These expenses were incurred by NADECOR.

Approximately $2.8 million had been expended on the King-king Project under the MOU by RMMI prior to the incorporation of SAML.

RMMI entered into an agreement with NADECOR under which Strato International Holding, Ltd. (“Strato”) was incorporated to acquire the outstanding debt of Benguet. Under that agreement each of the companies was to contribute 50% of the capital needed, and those contributions provided by RMMI or its designee would also be available to SAML for conversion. As of March 31, 2011, RMMI had expended in Strato $125,737 which qualified for conversion and is included in Investment in mining properties at March 31, 2011.

NOTE 8 - RELATED PARTY TRANSACTIONS

The following table lists known related parties to the Company:

Name	Country of Incorporation	Relationship	Equity interest As at March 31, 2011
Russell Mining and Minerals Inc.	Canada	Parent of Controlling shareholder	n/a
SAMI-HC Holdings Ltd.	Canada	Parent of Controlling shareholder	n/a
Pegasi Holdings Ltd.	British Virgin Islands	Controlling shareholder	n/a
St. Augustine Mining Ltd.	Cayman Islands	Subsidiary	100%
St. Augustine Mining, Inc.	Canada	Subsidiary	100%
Strato International Holdings, Ltd.	Cayman Islands	Subsidiary	50%
Mine Development Corporation	United States	Common parent	n/a
MDC America, Inc.	United States	Subsidiary	100%

Finder's Agreement

On March 31, 2010 the Company signed an agreement with RMMI, to assist with the acquisition of the Project. Terms of the agreement included:

- Issuing 10,000,000 common shares to RMMI;
- Granting RMMI five year warrants to purchase 10,000,000 shares at a price of $0.25 per share;
- Pay RMMI a fee of 4% of all funds raised for the Project, up to a total amount of $3,000,000; and,
- In the event the Company fails to make required payments under agreements related to the Project (Note 7), RMMI may, at its discretion, complete the Company's obligations and receive, in exchange, shares of common stock of the Company at the rate of one share for every $0.25 spent by RMMI.

Prior to modification of the finder's agreement, all of the shares and warrants were issued. The warrants were cancelled in exchange for the Ratel transaction and the other rights were cancelled under the Ratel agreement (Note 4).

At December 31, 2010, the Company had amounts payable to RMMI totaling $3,503,846 for expenses RMMI had paid on the Company's behalf. These amounts are due on demand, are unsecured and non-interest bearing. As part of the reverse acquisition transaction the amounts payable to RMMI were repaid.

During the three months ended March 31, 2011 RMMI provided goods and services, including the rental space described in Note 12, for a total of $21,046, and $5,892 remained outstanding to RMMI for these charges as of March 31, 2011.

The above transactions were conducted in the normal course of operations and measured at the agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties.

During the period from October 1, 2010 through January 31, 2011, Mine Development Corporation ("MDC") provided certain contract services to the Company. These services qualify for conversion into NADECOR preferred shares, and as such, have been recorded as investments in mining properties. MDC was replaced by the Company's own wholly owned subsidiary MDC America, Inc. in February 2011.

Legal Services

The Company's engages a law firm which is considered a related party. Services rendered for the three months ended March 31, 2011 totaled $66,425 which was paid in full during the period.

NOTE 9 – LOAN PAYABLE

On October 18, 2010, the Company and SAML entered into a Facility Agreement with CGA Mining Limited, ("CGA") which would provide financing of up to $14,900,000 to SAML and Strato for commitments to settle with Benguet and operations. This loan bore interest at 12%.

Amounts drawn on the facility were as follows:

Advances to NADECOR for its 50% contribution to Strato's settlement with Benguet's creditors (Note 10)	$	2,794,601
Payment to Benguet (Note 12)		6,000,000
Operational expenses		2,900,000
Balance, December 31, 2010		11,694,601
Repayment of loan from capital raised in the Ratel transaction (Note 4)		(11,694,601)
Balance, March 31, 2011	$	-

At December 31, 2010, accrued interest on the loan payable was $237,209. All of the debt and interest was satisfied as part of the January 2011 additional funding under the reverse acquisition. This included the payment of the NADECOR advance used for NADECOR'S contribution to the Benguet settlement and the loan of CGA funds directly to Strato of $2,794,601. The CGA loan agreement allowed for an additional amount of up to $3,000,000 to be directly available to Strato. The total paid on the CGA debt for principal was $14,489,202 and accrued interest for both SAML and Strato of $336,706.

NOTE 10 - STOCKHOLDER'S EQUITY

Authorized:

Unlimited number of common shares without par value

Issued:

	Shares		Share Capital
Initial capitalization – March 31, 2010	1	$	1
Issued for finders agreement	10,000,000		200,000
Additional shareholder capital	-		1,869,663
Balance, December 31, 2010	10,000,001		2,069,664
Ratel's shares acquired on reverse acquisition (ii)	90,000,000		-
SAMI's shares eliminated (i)	(10,000,001)		-
Cancellation of warrants from SAMI (Note 4)	-		1,739,000
Shares issued on reverse acquisition (ii)	80,000,000		5,665,014
Additional capital contributed (iii)	-		1,462,593
Shares issued to ex-officers for notes receivable (iv)	3,000,000		904,159
Options exercised concurrent with reverse acquisition (v)	4,700,000		8,910,735
Private placement concurrent with reverse acquisition (vi)	83,333,334		25,196,041
Additional private placement at $1.22 (CDN) net of offering expenses of $1,282,125 (vii)	32,800,000		38,918,800
Exercise of stock options (viii)	450,000		853,533
Balance, March 31, 2011	**294,283,334**	**$**	**85,719,539**

(i) Original Shares

The shares of SAMI are held by Pegasi Holding Ltd. ("Pegasi"), RMMI's subsidiary. The shares held by Pegasi were exchanged with Ratel on January 7, 2011 (Note 4).

(ii) Shares issued on reverse acquisition

On January 7, 2011, as part of the Ratel transaction (Note 4), the 90,000,000 shares outstanding in Ratel were assumed by the combined entity.

(iii) Additional capital contributed

RMMI has contributed an additional $1,336,252, in capital contributions to SAMI and SAML and has contributed its capital account in Strato of $126,341.

(iv) Shares issued to ex-officers

Concurrent with the reverse acquisition, 3,000,000 shares were issued to certain prior officers of Ratel with a current total value of $904,159 in exchange for non-interest bearing notes for $900,000 (CDN).

(v) Options exercised concurrent with the reverse acquisition

On January 7, 2011, 4,700,000 stock options originally issued by Ratel in July 2010, were exercised concurrently with the recapitalization of SAMI. This raised an additional $920,735 in January 2011. The value of the options in excess of cash received transferred to share capital was $7,990,000.

(vi) Private placement concurrent with the reverse acquisition

In conjunction with the Ratel transaction, the Company completed a private placement financing of 83,333,334 common shares at $0.30 (CDN) per share, which included the funds advanced in the CGA Loan (Note 9). This resulted in net equity being acquired of $25,196,041.

(vii) Additional private placement

In December 2010, the Company announced another private placement of 32,800,000 common shares at a $1.22 (CDN). These funds were released upon the completion of the Ratel transaction. There were $1,282,125 of offering costs and commissions associated with the issuance.

(viii) Stock issued for other options being exercised

In the three months ended March 31, 2011, 450,000 stock options, with an exercise price of $0.20 CDN originated in Ratel were exercised providing $88,533 in cash.

Common Stock to be issued

As part of the transaction with Ratel, an additional 75,000,000 shares are issuable upon the completion of the BFS on the King-king Project or any subsequent change of control. The deemed value of these shares is $5,310,925 based on the value assigned to the reverse acquisition.

Warrants

In 2010, the Company issued 10,000,000 warrants allowing the warrant holder to purchase one share of common stock for each warrant held (Note 8) at an exercise price of $0.25 and a term of 5 years. The fair value of the warrants was determined using the Black-Scholes valuation method to be $1,739,000, which has been recorded as consulting expense. At the time of issuance, the market value was deemed to be approximately $ 0.21 per warrant.

The fair value of warrants granted was estimated using the Black-Scholes option pricing model with the following assumptions:

Risk free interest rate	5%
Expected volatility	124%
Expected life (years)	5
Expected dividend yield	0%

All warrants were cancelled as part of the reverse acquisition and recapitalization under the Ratel transaction on January 7, 2011 (Note 4).

NOTE 11 - STOCK OPTIONS

The Company has a stock option plan in place under which it is authorized to grant options to full-time employees and independent contractors, other permitted consultants or subsidiaries, and outside directors, enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The plan was adopted from the approved plan originally adopted by Ratel prior to the reverse acquisition with SAML. Under the plan, the exercise price of each option cannot be less than the market price of the Company's stock on the date of grant. The options can be granted for a term determined by the board of directors. The issued and outstanding options as of March 31, 2011 were as follows:

	Total number of options granted		Weighted average exercise price		Stock options
Options outstanding, December 31, 2010	-		-		-
Stock option acquired from Ratel (see Note 4)	8,500,000	$	0.20	$	14,450,000
Stock options exercised concurrent with Ratel transaction	(4,700,000)	$	0.20		(7,990,000)
Exercise of options	(450,000)	$	0.20		(765,000)
Stock options granted for officers, directors and employees	14,425,000	$	1.54		3,174,688
Options outstanding, March 31, 2011	17,775,000	$	1.29	$	8,869,688
Options exercisable, March 31, 2011	7,158,333		0.91		6,682,436

The stock options that originated with Ratel were valued based upon the relative value of the allocation of fair value in the reverse acquisition under IFRS 3 – Business Combinations. The fair value of the Ratel options was estimated using the Black-Scholes option pricing model with the following assumptions:

Market price	$1.89
Exercise price	$0.20
Risk free interest rate	2%
Expected volatility	90%
Expected life (years)	1.5
Expected dividend yield	0%

In January 2011, after the completion merger, SAGCL issued 11,175,000 incentive stock options to directors, officers, employees and consultants. These options will vest over the next two years with one third of the options vested upon issuance and the other two thirds at each of the next two years anniversary dates. The options have an exercise price of $1.54 and a five year term. Subsequently in the March 31, 2011 quarter, the Company issued an additional 3,250,000 stock options under similar terms. The total expense recognized for the quarter was $3,174,688 for the portion of the awards which vested during the period or provided a compensation benefit.

The fair value of these employee options granted during the quarter was estimated using the Black-Scholes option pricing model with the following assumptions:

Risk free interest rate	2.2%
Expected volatility	90%
Expected life (years)	3.05
Expected forfeiture	5%
Expected dividend yield	0%

The Company estimates volatility using historical information of a sample of mining companies with similar market capitalization. The forfeiture rate is based on our historical and expected turnover. The risk-free interest rate is based on the implied yield available on Canadian bond issues over the equivalent lives of the options. The expected life of the options represents the estimated period of time until exercise and is based on experience of similar awards, giving consideration to the contractual terms and vesting schedules. The Company has not paid dividends on common shares since inception, and no assumption of dividend payment is made in the model.

Exercise price in CDN dollars	Number outstanding	Weighted average remaining contract life in years	Number Exercisable	Weighted average exercise price in CDN dollars
$0.20	3,350,000	1.25	3,350,000	$0.20
$1.54	14,425,000	4.87	3,808,333	$1.54
	17,775,000	4.19	7,158,333	$0.91

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Long Term Debt – Benguet Payments

SAML and NADECOR have negotiated with Benguet to relinquish Benguet's rights to the Project. In exchange for surrendering its rights to the Project, SAML and NADECOR will share equally in the following payments to Benguet:

- $8,000,000 on the date Benguet has completed all of the required actions to transfer all of its interest in the Project ("Completion Date");
- $5,000,000 on the date that is 24 months from the Completion Date;
- $4,000,000 on the date that is 60 months from the Completion Date;
- $4,000,000 on the date that is 72 months from the Completion Date; and,
- $4,000,000 on the date that is 84 months from the Completion Date.

The initial $8,000,000 payment to Benguet was settled through the issuance of a $2,000,000 credit note and a cash payment of $6,000,000 in October 2010. The second credit note of $1,950,000 was applied to the next scheduled payment of $5,000,000 due in October 2012. As part of the second amendment to the MOU, SAML funded NADECOR's 50% portion of the $6,000,000 cash payment.

The remaining balance of the payments due to Benguet over the next seven years totals $15,050,000. The present value of the remaining balance due to Benguet was determined to be $8,723,960, of which 50% or $4,361,980 is owed by NADECOR and is included in Advances Receivable (Note 5). The present value was derived from the discounted future cash payments at the Company's deemed marginal borrowing rate of 12%.

Under the Heads of Terms agreement, Strato acquired Benguet's outstanding debts from Credit Agricole Corporate & Investment Bank Manila Offshore Bank ("Calyon") and Marathon Master Fund Limited ("Marathon"). It was agreed that the debts acquired by Strato from Calyon and Marathon will be re-purchased by Benguet at a discounted value of $3,950,000. In conjunction with the CGA funding discussed in Note 9 and under the terms of the Head of Terms, the Company issued credit notes to Benguet for $2,000,000 and $1,950,000 to be applied against payments owing under the Heads of Terms.

NADECOR

Under the terms of the MOU between SAML and NADECOR, for the development of the Project, SAML can earn up to a 60% interest in the Project by making the following payments:

Amount	Description & estimated date of payment	Earn-in %	Cumulative Earn-in %
$400,000	Exclusivity payment (Paid 2009)	0.57%	0.57%
3,100,000	Initial NADECOR payment (Paid 2010)	4.43%	5.00%
30,000,000	Initial BFS funding payment (2011)	30.00%	35.00%
5,000,000	BFS funding payment (within 3 years)	5.00%	40.00%
8,500,000	BFS funding payment (within 3 years)	10.00%	50.00%
4,000,000	NADECOR payment (within 3 years)	1.00%	51.00%
32,000,000	CAPEX funding (within 3 years)	9.00%	60.00%
$83,000,000		60.00%	

For the three months ended March 31, 2011, the Company has expended an additional $9.7 million on the BFS and Capex requirements.

Rental Agreements

The Company currently operates under a month to month rental agreement for office space shared with RMMI. In the three months ended March 31, 2011, the Company recognized $12,000 of payments under this arrangement. Due to the inception of the Company on March 31, 2010, there are no comparable amounts as of, or for the period ended March 31, 2010.

Also in March 2011, the Company entered into three rental agreements for the next three months for short-term residential apartments. The total current commitments under these leases which terminate on June 30, 2011 unless extended are approximately $27,000.

NOTE 13 – CAPITAL MANAGEMENT

The following assets are under the Company's capital management program: Cash in banks, accounts receivable, and advances receivable. The following table summarizes these assets as follows:

	March 31, 2011	December 31, 2010
Cash and cash equivalents	$ 48,641,346	$ 583,602
Accounts receivable	2,651	98,316
Advances receivable	4,445,446	7,028,295
Notes receivable	900,390	-
Total	$ 53,989,833	$ 7,710,213

Prior to the recapitalization described in Note 4, the Company was dependent on the contribution of capital and other interim funding from related parties. The Company's objectives and continued financing of its commitments under its agreements with NADECOR (Note 12) are dependent on the ability to raise funds until mineral production commences. The Company is currently developing plans to address the future liquidity and capital management risks, see Note 2.

NOTE 14 - FINANCIAL INSTRUMENTS

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to interest rate, commodity price and industry credit risks. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. At March 31, 2011 the Company's financial instruments include cash, advances and accounts receivable, as well as accounts payable and accrued liabilities where there is no difference in the carrying values and fair values due to their short term nature.

The Company is required to classify fair value measurements using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data.

Cash and cash equivalents are measured using level 1 inputs.

Financial risk management

The financial risk arising from the Company's operations are currency risk, credit risk, and liquidity risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Company generally does not engage in any other transactions in financials instruments, including derivative financial instruments for any other trade or speculative purposes.

i. Currency risk

The Company is dealing with transactions in foreign countries, but all exchange rates are anticipated to remain stable, but certain activities and expenditures will be subject to market fluctuations. The Company will be establishing policies to monitor and minimize risk concerning currency issues between the United States, Canada and the Philippines. Currently the Company and its subsidiary treat all currency exchange transactions as measurement gains and losses upon the exchange and no accounting records are maintained at other than the functional currency of the companies.

The Company has not entered into any derivative instruments to manage foreign exchange fluctuations; however, management monitors foreign exchange exposure.

The currency fluctuations between the US dollar and the Philippine Peso during 2010 and the first quarter of 2011 have been substantially stable, with the peso to dollar exchange rate being between 48 and 42 pesos to the dollars. Since 2008 this rate of exchange has averaged approximately 45 peso to the dollar. The Company expects that the peso will continue to increase in value between two and four percent per year. The effect of this increase cannot be currently measured, as the Company is currently developing its spending plans for expenditure that will be made in the Philippines in support of the King-king project. Our expectation is that over the next two years, our costs of operations in the Philippines will rise by two to four present because of expected currency changes.

ii. Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company maintains its cash and cash equivalents in financial institutions located in the United States of America and which are insured by the FDIC up to certain limits. At December 31, 2010, the Company's account balances were substantially insured, but were held in a single US bank. The amounts in accounts receivable and advances receivable have a very limited risk since they are being converted into the investment in the King-king property.

iii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk through the management of its capital structure. Due

to the January 2011 share exchange agreement, the Company is expected to have sufficient cash resources available for 2011.

As at March 31, 2011	Less than 1 year	1 to 3 years	Greater than 3 years	Total
Accounts payable and accruals	$ 2,345,472	$ -	$	$ 2,345,472
Due to related parties	5,892	-	-	5,892
Long term debt (*)	-	3,050,000	12,000,000	15,050,000
	$ 2,351,364	$ 3,050,000	$ 12,000,000	$ 17,401,364

* The remaining balance of the payments due to Benguet over the next seven years totals $15,050,000. As at March 31, 2011, the present value of the remaining balance due to Benguet was determined to be $8,723,960, of which 50% or $4,361,979 is owed by NADECOR and has been included in Advances receivable (Note 5). The present value was derived from the discounted future cash payments at the Company's marginal borrowing rate of 12%.

NOTE 15 - SUBSEQUENT EVENTS

Stock options grants

The Company entered into employment agreements which had requirements for the issuance of additional stock options. In association with these agreements, the Company issued a further 4,525,000 stock options in April through July 2011.

Employment Agreements

The Company entered into employment agreements which had requirements for the issuance of additional stock options. In association with these agreements the Company issued a further 3,525,000 options through the date of this report. Due to employee terminations, 3,200,000 of these options were cancelled in July and August of 2011.