



**RATEL ENTERS INTO AGREEMENT TO ACQUIRE
THE RIGHT TO EARN A 60% INTEREST IN ONE OF THE WORLD'S LARGEST
UNDEVELOPED GOLD RICH COPPER-GOLD PROJECTS,
THE KING-KING PROJECT**

**ANNOUNCEMENT TO THE TORONTO STOCK EXCHANGE
AND AUSTRALIAN SECURITIES EXCHANGE**

18 OCTOBER 2010

The Boards of Ratel Gold Limited ("Ratel" or the "Company") (**TSX Code : RTL**) and CGA Mining Limited ("CGA") (**TSX Code : CGA, ASX Code : CGX**) are pleased to announce that today Ratel has 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"). The proposed consideration is an issue of 80 million new shares in Ratel, together with a further 75 million Ratel shares on the earlier of completion of a feasibility study on the project or any subsequent change in control of the Ratel Board.

The King-king deposit is a gold rich, copper-gold porphyry deposit located in the south east of the Philippine Island of Mindanao, located 92kms NW of Davao City and 13 kms from the coast. The project is listed as one of the top priority projects by the Philippine Mines and Geosciences Bureau and the project has a low strip ratio (0.8:1 compared to an industry average of 2.5:1).

King-king is one of the largest undeveloped copper-gold deposits in the world, with a measured and indicated equivalent copper-gold resource of 791.5 Mt at 0.815 g/t equivalent gold for 20.7M equivalent gold ounces (0.279% Cu for 4.9B lbs of Cu and 0.371 g/t Au for 9.4M ounces of contained Au) and a further 2.75M equivalent gold ounces in inferred resources (125.5Mt at 0.237% Cu lbs and 0.308 g/t Au). A NI 43-101 compliant report is being prepared by Independent Mining Consultants, Inc. ("IMC") and will be released by Ratel on www.sedar.com within 45 days.

There is significant unexplored upside potential to the deposit. Drilling was open at depth and is undrilled to the north east end of the deposit, which has a number of high grade epithermal gold targets.

The RMMI Group entered into an agreement (the "Memorandum of Understanding") with Philippine based Nationwide Development Corporation ("Nadecor"), the current MPSA licence holder, to earn a 60% interest in the project in exchange for funding and preparing a feasibility study on the development of the project (estimated in the Memorandum of Understanding at US\$43.5m), payments to Nadecor of US\$7.5m and funding the first US\$12.8m of Nadecor's ultimate 40% contribution to development capital. Nadecor is a highly respected local company in the Philippines, with a long standing interest in the project.

The RMMI Group has significantly advanced the project over the last 14 months, engaging IMC in the development of a mine plan and resource validation and assessment to NI 43-101 and JORC standards and AATA International, Inc. in the environmental assessment, as well as assisting Nadecor in the filing of

the required Exploration and Environmental Work Programs. Bromius Capital has acted as their exclusive financial advisor in this process.

The RMMI Group, in coordination with Nadecor, has entered into a heads of terms agreement with the previous operating partner, Benguet Corporation ("Benguet") (Philippine Exchange Symbol - BC), providing for a settlement of all previous claims of interest in the project. It is anticipated that completion of the settlement will occur shortly and the loan facility described below will be used to fund the initial settlement payments to Benguet that will be due under the settlement agreement.

The proposed acquisition of the King-king Interests is conditional on Ratel first completing a C\$25m capital raising at C\$0.30 ("the Ratel Placement") and securing all necessary consents and approvals, including shareholder and Toronto Stock Exchange ("TSX") approval of amongst other things, the acquisition, the issue of shares to the RMMI Group and the Ratel Placement. CGA, in line with its existing strategic alliance with Ratel and the RMMI Group has agreed to subscribe for additional shares in the Ratel Placement, to increase its interest to approximately 27%. As part of this strategic alliance, CGA is well positioned to assist with operating in the Philippines. CGA's participation in the Ratel Placement is also subject to the approval of Ratel's shareholders and the TSX.

CGA has agreed to provide the initial funding (upto US\$14.9m) under a loan facility to the RMMI Group to fund the initial settlement payments to Benguet and debtholders of Benguet together with working capital, which will be fully secured against the King-king Interests and will be repaid on completion of the proposed acquisition from the Ratel Placement proceeds. Repayment of the loan by CGA is also subject to the approval of the TSX and Ratel's shareholders.

The RMMI management team are US based, have an impressive and proven track record in developing and operating large scale projects (including one of the largest copper-gold mines in the world, Freeport McMoran Copper & Gold Inc's Grasberg Project on Irian Jaya and Mr RL Russell formerly acting as president of the Nchanga division of ZCCM), and will assume Board control of Ratel on successful completion of the proposed acquisition of the King-king Interests.

Ratel also plans to undertake a spin-off of the existing African assets of the Company, by way of an entitlement issue back to shareholders, with the entitlement date to be established prior to completion of the abovementioned transactions.

It is currently planned that a meeting of shareholders of Ratel will be held in late November and detailed meeting documentation, including an overview of the King-king project will be dispatched to shareholders as soon as available. Subject to securing all necessary consents, completion of the proposed acquisition of the King-king Interests and the Ratel Placement is planned for shortly thereafter.

ABOUT RATEL GOLD LIMITED

Ratel Gold Limited is listed on the main board of the Toronto Stock Exchange (TSX:RTL) and is a mining exploration company focused on developing gold and copper deposits.

The Company is earning a 51% interest in the Segilola Gold Project in Nigeria, the largest undeveloped gold resource identified in Nigeria and holds a 51% interest in the Mkushi Copper Project in Zambia. At the Segilola Gold Project, Ratel has identified a maiden NI 43-101 compliant indicated resource of 520,000 ounces of gold contained in 3,658,000 tonnes at a grade of 4.4g/t and an inferred resource of 97,600 ounces of gold contained in 790,200 tonnes at a grade of 3.8g/t from just the first pass 11,000m drill program.

Ratel also holds a 51% interest in the Obuasi Joint Venture in Ghana. The project lies approx 10 km to the west of Obuasi, a field which has to date produced 26M ounces and last year produced 571,000 ounces of gold. The Joint Venture partner is Westchester Resources Limited.

Ratel has an experienced management team, and is further supported by the management team of CGA Mining Limited, a 20% shareholder in the Company. CGA is a member of both the S&P/TSX Global Gold

and Global Mining Indices. Ratel will be focused on further developing its current resource interests and identifying new opportunities to both grow its reserve and resource base and enhance the Company's ability to move quickly to a producer.

ENQUIRIES - RATEL GOLD LIMITED

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

ABOUT CGA MINING LIMITED

CGA is listed on both the Toronto Stock Exchange and the Australian Securities Exchange. The Masbate Gold Project is the largest gold project in the Philippines and was successfully developed with first gold poured on 12 May 2009. The project has a total indicated resource base of 4.55M ounces, total inferred resource base of 3.22M ounces and a probable reserve of 3.03M ounces of gold. At steady state operations the project is forecast to produce over 200,000 ounces per annum.

The 4Mtpa plant was constructed by Leighton Contractors Asia Limited ("Leighton") without one lost time injury. The mining contract for the Masbate Gold Project has been awarded to Leighton, the largest mining contractor in the world. CGA is completing a scoping study for the expansion of the plant throughput at Masbate.

CGA has a disciplined acquisition program focused on acquiring new gold projects with a substantial initial resource with the capacity to grow materially and where the development and operational experience of CGA can be applied to enhance shareholder value.

ENQUIRIES - CGA MINING LIMITED

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NATIONAL INSTRUMENT 43-101 COMPLIANCE – RATEL GOLD LIMITED

Mr Geoff.G.Jones, F.Aus.I.M.M.CP Mng, CGA's Consulting Engineer, is acting as the Qualified Person in compliance with NI 43-101 and JORC reporting requirements with respect to this announcement. He has prepared and or supervised the preparation of the scientific or technical information in this announcement and confirms compliance with NI43-101 and JORC requirements.

Mr. Alfred John Gillman of Odessa Resources Pty Ltd, an independent qualified person experienced in the style of mineralisation at the Segilola Gold Project, has completed the resource statement for the Segilola Project as referred to in this announcement, including verification of the sampling, analytical and test data underlying the estimate. Verification also included a site visit, database validation of historical drill results and a review of sampling and assaying protocols. The qualified person was satisfied with all of the protocols used during the drilling, sampling and in the Segilola resource estimate compilation and computation.

A NI 43-101 compliant technical report on resources is being prepared by Independent Mining Consultants, Inc. and will be released by Ratel on www.sedar.com when available.

NATIONAL INSTRUMENT 43-101 AND JORC COMPLIANCE – CGA MINING LIMITED

Mr Geoff.G.Jones, F.Aus.I.M.M.CP Mng, CGA's Consulting Engineer, is acting as the Qualified Person in compliance with NI 43-101 and JORC reporting requirements with respect to this announcement. He has prepared and or supervised the preparation of the scientific or technical information in this announcement and confirms compliance with NI43-101 and JORC requirements.

Further information relating to the Masbate Project is included in the technical report entitled Technical Report on the Mineral Resources of the Masbate Deposit, Masbate Province, Republic of the Philippines for CGA Mining Limited prepared by Mining Associates Pty Ltd and available on SEDAR at www.sedar.com, lodged 8 July 2008.

Andrew James Vigar of Mining Associates Pty Ltd, a qualified person, has verified the resource statement for the Masbate Project as disclosed in this announcement, including sampling, analytical and test data underlying the estimate. Verification of the data included numerous site visits, database validation of historical drill results and review of sampling and assaying protocols. The qualified person was satisfied with the verification process.

A NI 43-101 compliant report has been lodged on www.sedar.com verifying and supporting the new reserve statement made for the Masbate Project. Mr Daniel Tuffin, previously of Lower Quartile Solution Pty Ltd, a qualified person, has verified the reserve statement for the Masbate Project as disclosed in this announcement, including sampling, analytical and test data underlying the estimate. Verification of the data included database validation of historical drill results and review of sampling and assaying protocols. The qualified person was satisfied with the verification process.

Mr. Alfred John Gillman of Odessa Resources Pty Ltd, an independent qualified person experienced in the style of mineralisation at Segilola, has completed the resource statement for the Segilola Project as disclosed in this announcement, including verification of the sampling, analytical and test data underlying the estimate. Verification also included a site visit, database validation of historical drill results and a review of sampling and assaying protocols. The qualified person was satisfied with all of the protocols used during the drilling, sampling and in the Segilola resource estimate compilation and computation.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This announcement includes certain "forward-looking statements" within the meaning of Canadian securities legislation. All statements, other than statements of historical fact, included herein, without limitation, the use of net proceeds are forward-looking statements. Forward-looking statements involve various risks and uncertainties and are based on certain factors and assumptions. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ

materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties related to fluctuations in gold and other commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and estimated economic return; the need for cooperation of government agencies in the development of the Company's mineral projects; the need to obtain additional financing to develop the Company's mineral projects; the possibility of delay in development programs or in construction projects and uncertainty of meeting anticipated program milestones for the Company's mineral projects; and other risks and uncertainties disclosed under the heading "Risk Factors" in the prospectus of the Company dated June 29, 2010 filed with the Canadian securities regulatory authorities on the SEDAR website at www.sedar.com.