

**SUR AMERICAN GOLD
CORPORATION**

**Unaudited Interim Consolidated Financial Statements
September 30, 2006 and 2005**

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Unaudited Interim Consolidated Financial Statements

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SUR AMERICAN GOLD CORPORATION
Interim Consolidated Balance Sheets (note 1)

	As at 30 September 2006 (Unaudited)	As at 31 December 2005 (Audited)
Assets		
Current		
Cash	\$ 960,606	\$ 2,871,629
Amounts receivable and advances	16,503	129,492
Prepaid expenses	105,602	5,391
	1,082,711	3,006,512
Investments in and Expenditures on Resource Properties (note 3)	8,076,312	6,463,562
Capital	481,919	529,507
	\$ 9,640,942	\$ 9,999,581
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 188,771	\$ 232,327
	188,771	232,327
Non-Controlling Interest in Subsidiaries	198,976	120,988
	387,747	353,315
Shareholders' Equity		
Share Capital (note 4)	20,779,686	20,669,260
Contributed Surplus	3,079,885	2,743,062
Deficit	(14,606,376)	(13,766,056)
	9,253,195	9,646,266
	\$ 9,640,942	\$ 9,999,581

Going-Concern and Nature of Operations (note 1)

Approved by the Board:

"J. Rennie Blair"
..... Director
J. Rennie Blair

"Alicia Nicholson"
..... Director
Alicia Nicholson

SUR AMERICAN GOLD CORPORATION
Unaudited Interim Consolidated Statements of Operations and Deficit
Three and Nine Months Ended September 30, 2006 and 2005

	Three months ended September 30, 2006	Three months ended September 30, 2005	Nine months ended September 30, 2006	Nine months ended September 30, 2005
Expenses				
Salaries and benefits	\$ 48,308	\$ 45,672	\$ 143,623	\$ 87,753
Regulatory and shareholder	5,352	16,401	44,723	98,248
Legal and professional	33,721	2,497	123,982	80,503
Office and miscellaneous	9,428	9,470	22,406	24,908
Travel and accommodation	5,207	4,587	14,824	12,078
Rent	6,000	6,025	18,000	24,900
Depreciation and amortization	5,234	4,299	14,766	12,895
Telephone and fax	1,262	1,375	4,901	6,516
Bank charges and interest	2,793	748	6,908	1,948
Stock based compensation	372,319	-	372,319	-
Interest on loan payable	-	2,621	-	8,686
Foreign exchange loss/(Gains)	(16,040)	140,331	25,598	255,240
Loss Before Other Item	(473,584)	(234,026)	(792,050)	(613,675)
Other Item				
Interest income	15,476	14,312	29,718	15,158
Loss Before Non-Controlling Non-Controlling Interest	(458,108) (60,536)	(219,714) -	(762,332) (77,988)	(598,517) 2,281
Net Loss for Period	(518,644)	(219,714)	(840,320)	(596,236)
Deficit, Beginning of Period	(14,087,732)	(11,625,972)	(13,766,056)	(10,348,410)
Cumulative Effect of Adoption New Accounting Standard	-	-	-	(901,040)
Deficit, End of Period	\$ (14,606,376)	\$ (11,845,686)	\$ (14,606,376)	\$ (11,845,686)
Loss Per Share – basic and	\$ (0.01)	\$ 0.00	\$ (0.01)	\$ (0.01)
Weighted Average Number of Common Shares Outstanding	81,410,352	71,954,114	81,347,205	71,956,777

SUR AMERICAN GOLD CORPORATION
Unaudited Interim Consolidated Statements of Cash Flows
Three and Nine Months Ended September 30, 2006 and 2005

	Three months ended September 30, 2006	Three months ended September 30, 2005	Nine months ended September 30, 2006	Nine months ended September 30, 2005
Operating Activities				
Net Loss	\$ (518,644)	\$ (219,714)	\$ (840,320)	\$ (596,236)
Items not involving cash				
Depreciation and amortization	41,610	(8,260)	122,022	12,895
Loss on retirement of fixed assets	-	-	2,448	-
Stock based compensation	372,319	-	372,319	-
Non-controlling interest in subsidiary	60,536	-	77,988	2,281
Operating Cash Flow	(44,179)	(227,974)	(265,543)	(581,060)
Changes in Non-Cash Working				
Amounts receivable and advances	34,608	(54,278)	112,989	(56,113)
Prepaid expenses	(18,579)	-	(100,211)	-
Accounts payable and accrued	(992)	(197,218)	(43,556)	(68,521)
	15,037	(251,496)	(30,778)	(124,634)
Cash Provided by (Used in)	(29,142)	(479,470)	(296,321)	(705,694)
Investing Activities				
Purchase of capital assets	(27,963)	(34,340)	(76,882)	(127,361)
Expenditures on deferred exploration	(611,289)	(338,965)	(1,612,750)	(1,086,491)
Cash held in affiliates, beginning of				127,027
Cash Used in Investing Activities	(639,252)	(373,305)	(1,689,632)	(1,086,825)
Financing Activities				
Proceeds from issuances of common	-	2,577,600	74,930	2,685,600
Cash Provided by Financing	-	2,577,600	74,930	2,685,600
Outflow of Cash	(668,394)	1,724,825	(1,911,023)	893,081
Cash, Beginning of Period	1,629,000	1,339,540	2,871,629	2,171,284
Cash, End of Period	\$ 960,606	\$ 3,064,365	\$ 960,606	\$ 3,064,365

SUR AMERICAN GOLD CORPORATION
Notes to Unaudited Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2006 and 2005

1. GOING CONCERN AND NATURE OF OPERATIONS

Sur American Gold Corporation (the "Company") is incorporated under the laws of Alberta. Its principal business activity is natural resource exploration, presently focusing on unproven mineral interests located in the Philippines.

For the three and nine months ended September 30, 2006, the Company incurred net losses of \$518,644 and \$840,320 respectively (September 30, 2005, \$219,714 and \$596,236 respectively) and as at September 30, 2006 had a deficit of \$14,606,376 (December 31, 2005 - \$13,766,056). The Company's ability to continue in operation is dependent on its ability to secure additional financing to fund ongoing administrative, planned exploration and expenditures, and while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

These consolidated financial statements are prepared on a going-concern basis, which contemplates that the Company will continue to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going-concern, and therefore, be required to realize its assets and settle its liabilities in other than the normal course of business, possibly at amounts different from those presented in these consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying financial information does not include all disclosures required under generally accepted accounting principles for annual financial statements. The accompanying financial information reflects all adjustments, consisting primarily of normal recurring adjustments, which are, in the opinion of management necessary for a fair presentation of results for the interim periods. These consolidated financial statements should be read in conjunction with our 2005 annual financial statements and notes.

Significant accounting policies

These interim consolidated financial statements follow the same accounting policies and methods of their applications as our annual financial statements. These interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and include our accounts and our wholly-owned subsidiaries, Exploradora La Esperanza S.A. (a Colombian company), and Sabena Limited (an Australian company) and the accounts of partially-owned affiliates, Philco Mining Corporation ("Philco"), Batoto Resources Corporation ("Batoto") and TMC Tribal Mining Corporation ("TMC") referred throughout the financial statements as ("the Philippine companies"). The company owns 40 percent of each of the Philippine companies and these companies have been consolidated in accordance with Accounting Guideline 15 ("AcG-15") as they meet the criteria of variable interest entities. All significant intercompany balances and transactions have been eliminated.

SUR AMERICAN GOLD CORPORATION
Notes to Unaudited Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2006 and 2005

3. INVESTMENTS IN AND EXPENDITURES ON RESOURCE PROPERTIES

Through its subsidiaries and the Philippine affiliates, the Company has interests in certain permits and licenses to explore and develop mineral properties located in the Philippines described below.

	Panag, Suriganon and Tagpura	Batoto	T'Boli	Total
Acquisition costs	\$ 1,037,981	\$ 1,038,101	\$ 1,017,159	\$ 3,093,241
Deferred exploration costs				
Balance, beginning of of period	1,270,211	1,323,272	776,838	3,370,321
Incurring during period				
Assaying	23,282	48,687	-	71,969
Community development	12,264	18,699	8,215	39,178
Consultants	78,221	230,996	53,571	362,788
Depreciation and amortization	98,629	3,983	4,643	107,255
Drilling costs	210,406	-	-	210,406
Exploration and mineral processing	22,088	92,667	-	114,755
Field supplies and miscellaneous	92,935	351,910	87,752	532,597
Geological	59,135	-	-	59,135
Transportation and travel	33,617	70,429	10,621	114,667
	630,577	817,371	164,802	1,612,750
Balance, end of period	1,900,788	2,140,643	941,640	4,983,071
	\$ 2,938,769	3,178,744	1,958,799	8,076,312

SUR AMERICAN GOLD CORPORATION

Notes to Unaudited Interim Consolidated Financial Statements Three and Nine Months Ended September 30, 2006 and 2005

3. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

- (a) Panag, Suriganon and Tagpura, Barangay Camanlangan, Municipality of New Bataan, Compostela Valley Province, Philippines

Panag and Suriganon are located within Exploration Permit ("EP") No. 000001-00-X1 covering an area of 2,170.82 hectares, which was granted on March 1, 2000 and Tagpura is located within Exploration Permit Application ("EPA) EPA X1-063 covering an area of 3,402 hectares, which was filed in July 1997. Both are owned 100% by Philco. Philco has recently applied for the conversion of EPA X1-063 into an EP.

There are no royalties payable to the government of the Philippines as the properties are located in an Indigenous area. The Indigenous peoples will, upon commercial production, be given a royalty equivalent to 1% of the operating cost of any operation. There are no annual work commitments.

- (b) Batoto, Barangay Camanlangan, Municipality of New Bataan, Compostela Valley Province, Philippines

Batoto is located within the Mineral Production Sharing Agreement Application (APSA No. 000246-X1 (formerly MLC 292) covering an area of 648 hectares and also within Exploration Permit Application EPA-109-X1, which covers an area of 3,569 hectares. The property was transferred in 2004 from the Philco EP No 000001-00-X1 to Batoto.

There are no royalties payable to the government of the Philippines as the properties are located in an Indigenous area. The Indigenous peoples will, upon commercial production, be given a royalty equivalent to 1% of the operating cost of any operation. There are no annual work commitments.

- (c) T'Boli, Barangay Kematu, Municipality of T'Boli, South Cotabato Province, Philippines

T'Boli is located within approved Mineral Production Sharing Agreement ("MPSA") 090-97-X1 84 covering an area of 98.2 hectares, which was granted in November 1997 and Mineral Production Sharing Agreement Application ("APSA No. 51-X1 Holon Block") covering 2,790.86 hectares. TMC is the legal owner of these licenses. There is a 2% mineral royalty payable to the government of the Philippines in respect of any future mineral production.

SUR AMERICAN GOLD CORPORATION
Notes to Unaudited Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2006 and 2005

4. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value.

(b) Issued

	Number of Shares	Amount
Balance, December 31, 2004	62,636,114	\$ 13,574,085
Issued pursuant to		
Private placement	6,250,000	2,500,000
Exercise of warrants	1,508,000	616,600
Exercise of stock options	862,500	410,575
Acquisition of subsidiary	10,000,000	3,600,000
Share issue costs	0	(32,000)
Balance, December 31, 2005	81,256,614	20,669,260
Issued pursuant to		
Exercise of warrants	53,738	34,930
Exercise of options	100,000	40,000
Reallocation from contributed Surplus	-	35,496
Balance, September 30, 2006	81,410,352	\$ 20,779,686

(c) Share issuances

During the period ended September 30, 2006, directors exercised 53,738 share purchase warrants for total proceeds of \$34,930 and 100,000 stock options for total proceeds of \$40,000.

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Notes to Unaudited Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2006 and 2005

(d) Warrants

As at September 30, 2006 and December 31, 2005, the following share purchase warrants were outstanding and exercisable:

Expiry Date	Exercise Price	Sept 2006	Dec 2005
April 30, 2006	\$ 1.07	0	32,243
April 30, 2006	\$ 2.10	0	483,645
April 30, 2006	\$ 0.65	0	53,738
August 16, 2007	\$0.75	6,250,000	6,250,000
		6,250,000	6,819,626

Share purchase warrant transactions and the number of share purchase warrants outstanding and exercisable are summarized as follows:

	September 2006		Dec 2005	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	6,819,626	\$ 0.53	2,217,626	\$ 0.80
Granted			6,250,000	\$ 0.40
Exercised	(53,738)	\$ 0.65	(1,508,000)	\$ 0.41
Expired/forfeited	(32,243)	\$1.07		
Expired/forfeited	(483,645)	\$2.10	(140,000)	\$ 0.50
Outstanding and exercisable, end of period	6,250,000	\$0.75	6,819,626	\$ 0.53

SUR AMERICAN GOLD CORPORATION
Notes to Unaudited Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2006 and 2005

(e) Stock Options

The Company has a stock option plan whereby the board of directors is authorized to grant options to a rolling ceiling of 10% of the issued and outstanding common shares of the Company.

Options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of the grant. The terms of the option and the option price are fixed by the directors at the time of grant subject to price restrictions imposed by the TSX Venture Exchange. Stock options awarded have a maximum term of five years and vest on the date of award.

As at September 30, 2006 and December 31, 2005 the following incentive stock options were outstanding and exercisable:

Expiry Date	Exercise Price	September 30, 2006	December 31, 2005
December 11, 2007	\$ 0.25	50,000	50,000
September 5, 2008	\$ 0.11	115,000	115,000
December 11, 2008	\$ 0.45	740,000	740,000
September 30, 2009	\$ 0.40	4,037,500	4,137,500
August 17, 2010	\$ 0.60	2,150,000	2,150,000
July 12, 2011	\$ 0.51	1,000,000	-
		8,092,500	7,192,500

Stock option transactions and the number of stock options outstanding and exercisable are summarized as follows:

	September 30, 2006		December 31, 2005	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	7,192,500	\$ 0.46	5,905,000	\$ 0.38
Awarded	1,000,000	\$ 0.51	2,150,000	\$ 0.68
Exercised	(100,000)	\$ 0.40	(862,500)	\$ 0.24
Cancelled	0	\$ 0.00	0	\$ 0.00
Expired	0	\$ 0.00	0	\$ 0.00
Outstanding and exercisable, end of period	8,092,500	\$ 0.47	7,192,500	\$ 0.46

SUR AMERICAN GOLD CORPORATION
Notes to Unaudited Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2006 and 2005

5. RELATED PARTY TRANSACTIONS

Included in amounts receivable and advances is \$Nil (Dec 2005 - \$1,519) due from directors.

Included in accounts payable and accrued liabilities is \$82,086 (Dec 2005 - \$139,614) payable to directors of the Corporation and a director of the Corporation's Philippine subsidiaries.

During the three and nine months ending September 30, 2006, gross rent of \$6,000 and \$18,000 respectively (Dec 2005 - \$24,000) was paid to a director.

During the nine months ending September 30, 2006 \$9,750 was paid to a person related to a director of the Corporation for web-site design and content.