

Sur American Gold Corporation

Consolidated Interim Balance Sheets

	March 31 2003 (Unaudited)	December 31 2002 (Audited)
Assets		
Current assets		
Cash and cash equivalents	\$537,623	\$80,849
Accounts receivable and advances	15,833	24,518
Prepaid expenses	5,254	5,801
	<u>558,710</u>	<u>111,168</u>
Resource Interests (Note 1(b))	23,904	-
Capital assets	29,770	31,171
	<u>612,384</u>	<u>142,339</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	105,823	125,668
Notes Payable	1,027,377	1,027,377
	<u>1,133,200</u>	<u>1,153,045</u>
Shareholders' Equity		
Share Capital (Note 4)	7,233,394	6,573,394
Shares Subscribed	-	90,000
Contributed Surplus	5,539	5,539
Retained Earnings (Deficit)	(7,759,749)	(7,679,639)
	<u>(520,816)</u>	<u>(1,010,706)</u>
	<u>\$612,384</u>	<u>\$142,339</u>

APPROVED BY THE BOARD,

"J. Rennie Blair", Director

"Alicia Nicholson", Director

Sur American Gold Corporation

Consolidated Interim Statements of Operations and Deficit

	3 Month Period Ended March 31, 2003 (Unaudited)	3 Month Period Ended March 31, 2002 (Unaudited)
Expenses		
Bank charges and interest	549	101
Depreciation and amortization	1,402	2,510
Foreign exchange	(300)	56
Interest on loans	10,146	8,014
Legal and professional	21,471	0
Office and miscellaneous	4,322	3,439
Regulatory, registration and filing fees	10,823	2,967
Rent	6,000	7,500
Salaries and benefits	22,500	33,000
Telephone and fax	765	837
Transfer agent	656	1,017
Travel and accommodation	2,684	3,292
Income (Loss) Before other items	(81,018)	(62,733)
Other Items		
Interest income	908	19
	908	19
Net Income (Loss) for the Period	(80,110)	(62,714)
Retained Earnings (Deficit), Beginning of Period	(7,679,639)	(7,140,895)
Retained Earnings (Deficit), end of Period	(7,759,749)	(7,203,609)
 Earnings (Loss) per share, basic	 \$0.00	 \$0.00

Sur American Gold Corporation

Consolidated Interim Statements of Cash Flows

	3 Month Period Ended March 31, 2003 (Unaudited)	3 Month Period Ended March 31, 2002 (Unaudited)
Cash provided by (used in) operating activities		
Operations		
Loss for the period	\$ 80,110	\$ 62,714
Items not affecting cash		
Depreciation and amortization	1,402	2,510
	<u>(78,708)</u>	<u>(60,204)</u>
Net change in non-cash working capital		
Accounts receivable	8,685	(4,717)
Prepaid expenses	547	3,656
Accounts payable and accrued liabilities	(19,846)	90,457
	<u>(10,614)</u>	<u>89,396</u>
Cash flows from investing activities		
Resource properties	(23,904)	(44,706)
Purchase of capital assets	0	0
	<u>(23,904)</u>	<u>(44,706)</u>
Cash flows from financing activities		
Issuance of common shares	570,000	0
	<u>570,000</u>	<u>0</u>
Increase in cash and cash equivalents	456,774	(15,514)
Cash and cash equivalents, beginning of period	80,849	36,948
Cash and term deposits, end of period	<u><u>537,623</u></u>	<u><u>21,434</u></u>

Sur American Gold Corporation

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2003

1. GOING CONCERN AND NATURE OF OPERATIONS

Sur American Gold Corporation (the "Company") is incorporated under the laws of the Province of Alberta. Its principal business activity is natural resource exploration. The Company's focus is in the Philippines.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated interim financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles which necessarily involves the use of estimates. The consolidated interim financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality. These consolidated interim financial statements should be read in conjunction with the most recent annual consolidated financial statements. The significant accounting policies follow that of the most recently reported annual consolidated financial statements.

3. RESOURCE INTERESTS

Philippines Projects

Following an extensive review of opportunities in several countries, the Company, through previous contacts identified an outstanding opportunity in the Philippine Island of Mindanao. The Company entered into an agreement with Eastern Corporation Limited to acquire a large suite of properties in the Philippines including the Batoto, T Boli Surigaonon and Panag Gold Projects and three other copper-gold porphyry deposits.

4. SHARE CAPITAL

	March 31, 2003		December 31, 2002	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
Issued				
Balance, beginning of year	26,801,063	\$ 6,573,394	24,501,063	\$ 6,343,394
Common shares issued:				
For cash	5,600,000	560,000	1,100,000	110,000
On settlement of debts			1,200,000	120,000
For exercise of stock options	1,000,000	100,000	-	-
	<u>33,401,063</u>	<u>\$ 7,233,394</u>	<u>26,801,063</u>	<u>\$ 6,573,394</u>

Sur American Gold Corporation

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2003

During the period ending March 31, 2003, the Company:

- (a) Completed a non- brokerage private placement of 5,600,000 units , at \$ 0.10 per unit for total proceeds of \$ 560,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at an exercise price of \$ 0.15 per share in the first year and at a price of \$ 0.20 per share during the second year. Included in the funds raised is \$ 90,000 received before December 31, 2002. In connection with the financing the Company paid a cash finders' fee of \$ 2,500 and issued 25,000 share purchase warrants exercisable on the terms noted above.
- (b) Issued to two directors 1,000,000 common shares upon the exercise of stock options at a price of \$ 0.10 per share for additional proceeds of \$ 100,000.

5. RELATED PARTY TRANSACTIONS

Included in accounts receivable and advances is \$ 9,458 due from directors of the Company.

Included in Accounts payable and accrued liabilities is \$ 36,175 payable to directors of the Company for salaries and advances.

During the three months ended March 31, 2003 , gross rent of \$ 6,000 was paid to directors of the Company.

6. SUBSEQUENT EVENTS

Subsequent to March 31, 2003, the Company:

- (a) Issued to Eastern Corporation Limited, 1.5 million shares as per agreement to acquire up to 70% interest in Eastern's subsidiary, Sabena Limited ("Sabena").
- (b) Signed a Variation Deed with Eastern Corporation Ltd ("Eastern"), to immediately acquire the 70% interest in Sabena. This Variation Deed allows for the Company to immediately increase its total holdings in Sabena to 70% and for Eastern to be issued its total of 5 million shares (1.5 million already issued). The Company has also agreed to commit (on a best endeavours basis), \$ 4 million on Sabena's properties within 5 years and has afforded certain non- dilution rights to Eastern to enable them to preserve its percentage interest in the Company at about 11 % until June 30, 2005. This Variation Deed agreement is subject to the approval of the TSX Venture Exchange.

**SUR AMERICAN GOLD CORPORATION
QUARTERLY REPORT
FOR THE THREE MONTHS ENDED MARCH 31, 2003**

1.(a) GENERAL AND ADMINISTRATIVE

General and administrative expenses are as presented in Schedule "A"

1.(b) DEFERRED MINERAL EXPLORATION

		Three Months ended March 31, 2003
Deferred Mineral Exploration during the period:		
Field Equipment		\$ 92
Legal Expenditures		1,000
Personnel permanent		7,500
Professional fees		9,312
Regulatory and filing fees		6,000
Total		\$ 23,904

Deferred mineral exploration for the period, represents costs incurred by the Company in the Philippine projects

2. RELATED PARTY TRANSACTIONS

Related party transactions are as outlined on Note 5 in Schedule "A"

3.(a) SECURITIES ISSUED DURING THE THREE MONTHS ENDED MARCH 31, 2003

Date of Issue	Type of Security	Type of Issue	Number	Price Cdn \$	Total Proceeds \$	Type of Consideration	Commission
Mar 27/03	Common	Private Placement	5,600,000	\$ 0.10	\$560,000	Cash	\$2,500
Jan 27/03	Common	Stock Options	1,000,000	\$ 0.10	\$100,000	Cash	N/A

3.(b) OPTIONS GRANTED DURING THE THREE MONTHS ENDED MARCH 31, 2003

There were no options granted during the three months ended March 31, 2003.

4.(a,b) AUTHORIZED AND ISSUED SHARE CAPITAL AS AT MARCH 31, 2003

Class	Par Value	Authorized Number	Number Issued	Amount
Common	NPV	Unlimited	33,401,063	\$ 7,233,394

**SUR AMERICAN GOLD CORPORATION
QUARTERLY REPORT
FOR THE THREE MONTHS ENDED MARCH 31, 2003**

4.(c) OPTIONS AND WARRANTS OUTSTANDING AS AT MARCH 31, 2003

Security	Number	Exercise Price	Expiry Date
Options	750,000	\$0.10	May 9, 2007
Options	350,000	\$0.25	September 7, 2004
Warrants	1,100,000	\$ 0.10	January 4, 2004
Warrants	5,625,000	\$0.15 / \$ 0.20	March 27, 2005

During the period ending March 31, 2003, 1,000,000 stock options were exercised by two directors of the Company.

4.(d) SHARES IN ESCROW OR SUBJECT TO POOLING AS AT MARCH 31, 2003

There were no shares held in escrow or subject to pooling as at March 31, 2003.

5. LIST OF DIRECTORS AND OFFICERS AS AT MAY 27, 2003

Directors:

J. Rennie Blair
Alicia Nicholson
Jerry Blackwell
Morris Beattie

Officers:

J. Rennie Blair, President and CEO
Alicia Nicholson, Corporate Secretary

**SUR AMERICAN GOLD CORPORATION
QUARTERLY REPORT
FOR THE THREE MONTHS ENDED MARCH 31, 2003**

MANAGEMENT DISCUSSION AND ANALYSIS

DESCRIPTION OF BUSINESS

Sur American Gold Corporation (the "Company") is engaged in the exploration of precious metals. All the Company's active exploration efforts are focused in a suite of gold properties in the Philippines. News releases were issued with details of this acquisition.

SUMMARY OF PROPERTIES:

BATOTO GOLD PROJECT

Located in Compostela Valley Province, South Eastern Mindanao Island where work completed (*by a previous explorer in the late 1970's and early 1980's*) has outlined a large area of gold mineralization within an altered diorite intrusion.

The Batoto veins, consist of 13 mainly north-east trending 0.5 metre to 2 metre wide sub-parallel massive quartz veins distributed across a 1,500 metre wide zone of altered diorite. Alteration consists of silicification and abundant micro veinlets subparallel to the main veins. The veins, some of which contain bonanza grades, have short strike lengths of between 100 and 500 metres and occur over a vertical interval of at least 200 metres.

More than 7,000 metres of surface trenching and 460 metres of underground development carried out to date indicates that, in addition to the main veins, the intervening ground appears to be pervasively mineralized averaging about 1.4g/t gold. Including the higher grade veins, the average of more than 700 samples is 1.6g/t indicating the distinct possibility of a very large, medium-low grade disseminated gold deposit. Based on reports by a former operator of pervasive mineralization being located over a much larger area surrounding Batoto, the Company has set its 2003 goal to determine the full extent of mineralized zone(s) by systematic geological mapping and extensive sampling.

The Batoto deposit is part of a major zone of gold mineralization extending 12 km northwards from Batoto through to the Panag Project.

SURIGAONON GOLD PROJECT

This project is located only about 2 km north of Batoto. Preliminary work completed to date has delineated an area of about 1,600 metres by 950 metres containing numerous, mostly north-west trending larger veins with sub-parallel micro veinlets and extensive silicification in the intervening ground within an argillically altered andesite intrusion. The style of mineralization has many similarities to Batoto. The Company has started a systematic sampling program to determine the full extent of gold mineralization.

PANAG

This area of about 10km by 2.5km occurs immediately to the north of the Batoto and Surigaonon deposits. At least 6 previously unknown epithermal gold vein systems have recently been discovered by Company personnel. Preliminary rock chip and stream sediment sampling has been undertaken and arrangements to analyse the rock chip samples are currently underway. .

COPPER-GOLD PORPHYRY DEPOSITS OF TAGPURA, TAGPURA SOUTH, MA-ANGOB AND KALAMATAN

SUR AMERICAN GOLD CORPORATION
QUARTERLY REPORT
FOR THE THREE MONTHS ENDED MARCH 31,2003

These known copper-gold porphyry deposits which occur 3-5 km to the east and south-east of Batoto have been partially delineated by a previous operator, by more than 24,000 metres of core drilling and several thousand metres of underground development.

Based on three dimensional reinterpretation of a previous geophysical survey an unknown and potentially large target has been discovered south of the Tagpura deposit. It is the intent of the Company to confirm this target by a new geophysical survey and to test that target by drilling at a date to be decided.

The deposits supported a 10,000 t/d open cut operation during the late 70's and early 80's. The mine closed supposedly due to low copper prices. Of great interest to the Company is the presence of considerable overprinting of the copper mineralization by late stage gold bearing epithermal quartz veins which occur in all the deposits as well as in the intervening areas between the deposits. Apart from placing all the previous data into a three dimensional format for the purpose of recalculating the mineral resources, the Company plans to re-evaluate the extent of the gold mineralization within and around the copper-gold deposits.

It should be noted that none of the areas outlined above has been subject to modern exploration methods and the Company is confident that the application of such methods will enhance the areas and possibly discover new targets.

T'BOLI GOLD PROJECT

This is a steeply dipping gold bearing epithermal vein system located in South Cotabato Province in south Mindanao Island. Previous work by Sabena Limited personnel included drilling 23 core holes totalling 7,050 metres. The drilling and underground development work outlined an Inferred Resource of 2.4 million tonnes grading 5.5 g/t gold and 21 g/t silver containing 420,000 ozs of gold and 1.6 million ozs of silver.

The veins tested by drilling and underground development are all open at depth and also along strike. Several more gold veins occur nearby which have not yet been tested. As stated in a previous News Release on December 4, 2002, the Company plans to construct a 50-100 t/d pilot plant in order to obtain further metallurgical, mining and geological data to be used for a future feasibility study.

A highly experienced team of geological and mining personnel has also been assembled to carry out the planned field programs.

OPERATIONS AND FINANCIAL CONDITION

During the period ended March 31, 2003 the Company recorded a loss of \$ 80,110 compared with a loss of \$ 62,714 for the comparable 2002 period.

The difference of \$ 17,396 was due to a decrease in depreciation and amortization in the amount of \$ 1,108, the decreases in administrative expenses were, rent \$ 1,500, other miscellaneous expenses \$ 1,397 , salaries and benefits \$ 10,500 , the decrease in salaries and benefits was due two directors agreeing to have their salaries reduced in order to help the Company.

There was an increase in interest income in the amount of \$ 889. and the increases in administrative expenses were, interest on loans \$ 2,132 office expenses \$ 1,790, legal and professional \$ 21,471, regulatory and registration \$ 7,397, the increase in these expenditures reflects the Company's activities relating to the acquisition of an interest in Sabena Limited and to the private placement.

SUR AMERICAN GOLD CORPORATION
QUARTERLY REPORT
FOR THE THREE MONTHS ENDED MARCH 31, 2003

During the period ended March 31, 2003 the Company entered into an agreement with Eastern Corporation Limited ("Eastern"), an Australian public company, to acquire up to 70% interest in Eastern's wholly-owned subsidiary, Sabena Limited ("Sabena"). Sabena holds an interest in a suite of mineral exploration properties in the Philippines. Under the agreement the Company will be obliged to fund \$ 4 million of mineral exploration expenditures on the Philippine properties over 5 years and to issue 5 million common shares over a 30 month period, 1.5 million of which were issued subsequent to the end of the period. Formal approval of this agreement was received from the TSX Venture Exchange.

Management believes it has sufficient resources to meet its current obligations and to undertake phase 1 and a portion of phase 2 of the exploration Programs as outlined in an Independent Technical Report, however the Company recognizes that it will require additional financing to continue all the exploration programs.

INVESTOR RELATIONS ACTIVITIES

During the period ended March 31, 2003 , the Company had no expenditures relating to investors relations.

RELATED PARTY TRANSACTIONS

Related party transactions are as outlined in Note 5 in Schedule " A"

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2003 the company had a working capital of \$ 452,887, as compared to a working capital deficiency of \$ 932,552 at March 31, 2002. The working capital deficit was reduced significantly by the reclassification of \$ 1,027,377 from short term liabilities to Notes Payable in December 2002.

During the period ending March 31, 2003, The Company received approval for a \$ 560,000 non brokered private placement in order to finance its acquisition of the Philippine's projects and for general and administrative costs, and as of March 31, 2003 the shares were issued.

During the period ending March 31, 2003 , two directors of the Company exercised 1,000,000 stock options at \$ 0.10 for total proceeds of \$ 100,000

SUBSEQUENT EVENTS

6. SUBSEQUENT EVENTS

Subsequent to March 31, 2003, the Company:

- (a) Issued to Eastern Corporation Limited, 1.5 million shares as per agreement to acquire up to 70% interest in Eastern's subsidiary, Sabena Limited ("Sabena").
- (b) Signed a Variation Deed with Eastern Corporation Ltd ("Eastern"), to immediately acquire the 70% interest in Sabena. This Variation Deed allows for the Company to immediately increase its total holdings in Sabena to 70% and for Eastern to be issued its total of 5 million shares (1.5 million already issued). The Company has also agreed to commit (on a best endeavours basis), \$ 4 million on Sabena's properties within 5 years and has afforded certain non- dilution rights to Eastern to enable them to preserve their percentage interest in the Company at about 11 % until June 30, 2005. This Variation Deed agreement is subject to the approval of the TSX Venture Exchange.