

Sur American Gold Corporation

Consolidated Interim Balance Sheets

	September 30 2003 (Unaudited)	December 31 2002 (Audited)
Assets		
Current Assets		
Cash and cash equivalents	\$ 155,893	\$ 80,849
Accounts receivable and advances	9,486	24,518
Prepaid expenses	4,833	5,801
	170,212	111,168
Resource interests (Note 8)	792,723	-
Exploration Advances (Note 9)	406,312	-
Investment in Batoto Resources Corporation	28,930	-
Capital assets	29,805	31,171
	\$ 1,427,982	\$ 142,339
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 7)	\$ 210,953	\$ 125,668
Notes payable (Note 6)	353,377	1,027,377
Non-controlling interest (Note 10)	212,668	-
	566,045	1,027,377
	776,998	1,153,045
Shareholders' Equity		
Share Capital (Note 6)	8,543,894	6,573,394
Shares Subscribed	-	90,000
Contributed Surplus	52,591	5,539
Deficit	(7,945,501)	(7,679,639)
	650,984	(1,010,706)
	\$ 1,427,982	\$ 142,339

APPROVED BY THE BOARD,
"J. Rennie Blair", Director

"Alicia Nicholson", Director

Sur American Gold Corporation

Consolidated Interim Statements of Operations and Deficit

	9 Month Period Ended Sept 30, 2003 (Unaudited)	3 Month Period Ended Sept 30, 2003 (Unaudited)	9 Month Period Ended Sept 30, 2002 (Unaudited)	3 Month Period Ended Sept 30, 2002 (Unaudited)
Administration				
Bank charges and interest	\$ 1,775	\$ 483	\$ 387	\$ 51
Depreciation and amortization	4,205	1,402	7,531	2,510
Foreign exchange	4,162	8,470	(593)	(448)
Interest on loans	30,779	10,373	25,561	8,821
Interest income	(1,253)	(99)	(43)	(8)
Investor relations	4,964	4,270	6,230	6,230
Legal and professional	31,447	333	11,174	5,424
Office and miscellaneous	10,618	2,593	9,495	2,225
Regulatory registration and filing fees	18,591	1,562	5,973	600
Rent	20,000	8,000	22,500	7,500
Salaries and other compensation	67,500	22,500	99,000	33,000
Shareholders costs	13,507	712	11,367	61
Stock-based compensation	47,052	47,052	5,539	5,539
Telephone and fax	2,573	952	2,510	796
Transfer agent	4,463	1,165	4,194	371
Travel and accommodation	5,479	1,917	6,765	1,760
Loss for period	265,862	111,685	217,590	74,432
Deficit, beginning period	7,679,639	7,833,816	7,140,895	7,284,053
Deficit, end of period	\$ 7,945,501	\$ 7,945,501	\$ 7,358,485	\$ 7,358,485
Loss per share	\$ 0.01	\$ 0.00	\$ 0.01	\$ 0.00

Sur American Gold Corporation

Consolidated Interim Statements of Cash Flows

	9 Month Period Ended Sept 30, 2003 (Unaudited)	3 Month Period Ended Sept 30, 2003 (Unaudited)	9 Month Period Ended Sept 30, 2002 (Unaudited)	3 Month Period Ended Sept 30, 2002 (Unaudited)
Cash provided by (used in) operating activities				
Operations				
Loss for period	\$ (265,862)	\$ (111,685)	\$(217,590)	\$ (74,432)
Items not affecting cash:				
Depreciation and amortization	4,205	1,402	7,531	2,510
Stock-based compensation	47,052	47,052	5,539	5,539
	(214,605)	(63,231)	(204,520)	(66,383)
Net change in non-cash working capital				
Accounts receivable	16,233	4,163	(7,428)	(241)
Prepaid expenses	968	232	9,894	977
Accounts payable and accrued liabilities	25,814	38,523	159,894	92,830
	(171,590)	(20,313)	(42,160)	27,183
Cash flows from investing activities				
Cash acquired from Sabena	448	448	-	-
Resource properties	(51,164)	(10,521)	(110,707)	(33,000)
Purchase of capital assets	(2,838)	(2,838)	-	-
Exploration advances	(406,312)	-	-	-
	(459,866)	(12,911)	(110,707)	(33,000)
Cash flows from financing activities				
Issuance of common shares	706,500	136,500	120,000	-
Increase (decrease) in cash and cash equivalents	75,044	103,276	(32,867)	(5,817)
Cash and cash equivalents, beginning of period	80,849	52,617	36,948	9,898
Cash and cash equivalents, end of period	\$ 155,893	\$ 155,893	\$ 4,081	\$ 4,081

Supplementary disclosure of non-cash investing and financing activities: refer to notes 5, 6, 8 and 10.

Sur American Gold Corporation

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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, Panag Gold Projects and three other copper-gold porphyry deposits.

4. CHANGE IN ACCOUNTING POLICY

On January 1, 2002 the Company adopted the provisions of new Section 3870 "Stock-Based Compensation and Other Stock Based Payments" of the Canadian Institute of Chartered Accountants' Handbook ("Section 3870"). Section 3870 establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments. Section 3870 recommends that certain stock-based transactions, such as the grant of stock options, be accounted for at fair value. The section is only applicable to transactions that occurred on or after January 1, 2002.

As permitted by Section 3870, the Company did not adopt the fair value method for certain stock-based compensation granted to employees and directors. The additional disclosure required by Section 3870 as a result of the Company not adopting the fair value method is provided in Note 5. As permitted by Section 3870, the additional disclosure for the 2002 fiscal year will not be presented on a comparative basis.

5. STOCK-BASED COMPENSATION

During the period the Company issued 4,575,000 stock options to employees, directors and consultants. The options are exercisable at between \$ 0.10 and \$0.15 per share and have a 5-year term to expiry.

For stock-based compensation granted to consultants and other non-employees, Section 3870 requires the application of the fair value method of accounting. As a result, the Company has

Sur American Gold Corporation

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003

recognized compensation expense of \$ 47,052 for stock options granted to consultants during the period.

As the Company did not adopt the fair value method of accounting for stock options granted to employees and directors, Section 3870 requires disclosure of pro forma amounts that reflect the impact as if the Company had adopted the fair value based method of accounting. Had compensation costs for the Company's stock options granted to employees and directors been accounted for under the fair value method, the Company's net loss and loss per share would have increased as follows:

	3 Month Period Ended Sept 30, 2003	9 Month Period Ended Sept 30, 2003
Loss - as reported	\$ 111,685	\$ 265,862
Loss - pro-forma	\$ 586,918	\$ 741,095
Loss per share - as reported	\$ 0.00	\$ 0.01
Loss per share - pro-forma	\$ 0.02	\$ 0.02

The fair value of stock options granted to employees, directors and consultants is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used for the grant made during the period:

Risk-free interest rate	4.13%
Estimated volatility	134%
Expected life	5 years

The average fair value of stock options, calculated using the Black-Scholes option pricing model, granted during the period was \$ 0.15.

The Black-Scholes option pricing model was developed for use in estimating the fair value of stock options that have no vesting provisions and are fully transferable. Also, option-pricing models require the use of estimates and assumptions including the expected volatility. The Company uses expected volatility rates which are based upon historical volatility rates. Changes in the underlying assumptions can materially affect the fair value estimates.

6. SHARE CAPITAL

	September 30, 2003		December 31, 2002	
	Shares	Amount	Shares	Amount
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

Sur American Gold Corporation

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003

For acquisition of 70% interest in Sabena Limited	5,000,000	500,000	-	-
On settlement of debts	4,814,215	674,000	1,200,000	120,000
For exercise of stock options	2,325,000	236,500	-	-
	<u>44,540,278</u>	<u>\$ 8,543,894</u>	<u>26,801,063</u>	<u>\$ 6,573,394</u>

During the period ending September 30, 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 directors and a former director 825,000 common shares upon the exercise of stock options at a price of \$ 0.10 per share for proceeds of \$ 82,500 and 400,000 common shares at a price of \$0.11 for proceeds of \$44,000.
- (c) Issued 5,000,000 shares of Sur American Gold Corporation to Eastern Corporation Limited to acquire 70 % interest in Sabena Limited. Sabena is an Australian non-listed Company which holds the properties in the Philippines.
- (d) Issued to two directors 4,814,285 in lieu of prior year's unpaid salaries in the amount of \$674,000, after obtaining approval from disinterested shareholders at the Annual General meeting and approval from the TSX Venture Exchange.

7. RELATED PARTY TRANSACTIONS

Included in accounts receivable and advances is \$ 2,102 due from directors of the Company.

Included in Accounts payable and accrued liabilities is \$ 94,298 payable to directors of the Company for salaries and advances.

During the nine months ended September 30, 2003, gross rent of \$ 20,000 was paid to directors of the Company.

See also Note 6

8. RESOURCE INTERESTS

The aggregate deferred costs associated with each of the Company's mineral property interests, and descriptions of each of those interests as at September 30, 2003, are as follows:

Sur American Gold Corporation

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003

Panag	\$24,199
Batoto	12,470
T'Boli	756,054
	<hr/>
	\$792,723
	<hr/> <hr/>

(a) Panag

This area of about 10 km by 2.5 km occurs immediately to the north of the Batoto deposit. 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

(b) Batoto

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 1.4 g/t gold. Including the higher grade veins, the average of more than 700 samples is 1.6 g/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.

(c) T'Boli

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.

Sur American Gold Corporation

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003

9. EXPLORATION ADVANCES

During the period ending September 30, 2003, the Company advanced to Sabena \$406,312 to fund the operations in the Philippines.

10. BUSINESS COMBINATION

The Company acquired on June 18, 2003 70% of the outstanding shares of Sabena by the issuance of 5,000,000 shares of the Company valued at \$500,000. The acquisition has been accounted by the purchase method and the operating results of Sabena are included in the consolidated statement of operations from the effective date of the acquisition.

Details of assets and liabilities acquired, and their fair value allocations for consolidated reporting purposes, are as follows:

T'Boli mineral property interest	737,785
Working capital	1,649
Investment in Batoto	28,930
Liabilities	(59,470)
Non-controlling interest	(212,668)
Net assets acquired	496,226
Aggregate consideration paid	(500,000)
Excess consideration allocated to the T'Boli mineral property	3,774

The Company has also recognized a non-controlling interest of \$212,668 at September 30, 2003, representative of a 30% interest in Sabena's net book value at the date of the business combination.

11. SUBSEQUENT EVENTS

Subsequent to September 30, 2003, the Company:

- (a) Completed a Private Placement of 4,000,000 units at a price of \$0.25 per unit for total proceeds of \$1,000,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant entitled the holder to purchase one additional common share at an exercise price of \$0.35 per share in the first year and at a price of \$0.50 per share during the second year.
- (b) A director exercised 225,000 stock options for total proceeds of \$23,750.

SUR AMERICAN GOLD CORPORATION
QUARTERLY REPORT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003

1.(a) GENERAL AND ADMINISTRATIVE

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

1.(b) DEFERRED MINERAL EXPLORATION

	Panag	Batoto	T'Boli	Total Sept 30, 2003
Deferred Mineral Exploration:				
Analysis	\$399	\$399	\$0	\$ 798
Field Equipment	939	969	-	1,908
Legal Expenditures	500	-	500	1,000
Office supplies and miscellaneous	244	378	194	816
Personnel permanent	11,250	7,500	3,750	22,500
Professional fees	4,656	-	4656	9,312
Regulatory and filing fees	3,250	250	3,000	6,500
Transportation and air fares	2,960	2,974	2,396	8,330
Drilling	-	-	741,559	741,559
Total	\$24,198	\$12,470	\$756,055	\$792,723

2. RELATED PARTY TRANSACTIONS

Related party transactions are as outlined on Note 7 in Schedule "A"

3.(a) SECURITIES ISSUED DURING THE NINE MONTHS ENDED SEPTEMBER 30, 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
April 1/03	Common	Property Acquisition	1,500,000	\$ 0.10	N/A	Shares	N/A
June 18/03	Common	Property Acquisition	3,500,000	\$ 0.10	N/A	Shares	N/A

**SUR AMERICAN GOLD CORPORATION
QUARTERLY REPORT
FOR THE NINE MONTHS ENDED DECEMBER 31, 2002**

July 2/03	Common	Shared for Debt	4,814,215	\$0.14	N/A	Shares	N/A
Sept /03	Common	Stock Options	925,000	\$ 0.10	\$92,500	Cash	N/A
Sept /03	Common	Stock Options	400,000	\$ 0.11	\$44,000	Cash	N/A

3.(b) OPTIONS GRANTED DURING THE NINE MONTHS ENDED SEPTEMBER 30, 2003

Date	Number	Name	Exercise Price	Expiry Date
Aug 18/03 Sept 5,23/03	1,090,000	R. Blair	\$0.10 \$0.11/0.15	Jan 29/08 Sept 5,23/08
Aug 18/03 Sept 5,23/03	1,440,000	A. Nicholson	\$0.10 \$0.11/0.15	Jan 29/08 Sept 5,23/08
Aug 18/03 Sept 5,23/03	100,000 390,000	J. Blackwell B. Taylor	\$0.10 \$0.11/0.15	January 29/08 Sept 5,23/08
Sept 5,23/03	410,000	G. Clark	\$0.11/0.15	Sept 5,23/08
Sept 5,23/03	610,000	A. Phillips	\$0.11/0.15	Sept 5,23/08
Aug 18/03 Sept 5,23/03	235,000	M. Beattie	\$0.10 \$0.11/0.15	Jan 29/08 Sept 5,23/08
Aug 18/03 Sept 5,23/03	300,000	Consultants	\$0.10 \$0.11/0.15	Jan 29/08 Sept 5,23/08
	4,575,000			

4.(a,b) AUTHORIZED AND ISSUED SHARE CAPITAL AS AT SEPTEMBER 30, 2003

Class	Par Value	Authorized Number	Number Issued	Amount
Common	NPV	Unlimited	44,540,278	\$ 8,543,894

**SUR AMERICAN GOLD CORPORATION
QUARTERLY REPORT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003**

4.(c) OPTIONS AND WARRANTS OUTSTANDING AS AT SEPTEMBER 30, 2003

Security	Number	Exercise Price	Expiry Date
Options	275,000	\$0.10	May 9, 2007
Options	800,000	\$0.10	Jan 29, 2008
Options	300,000	\$0.25	September 7, 2004
Options	1,565,000	\$0.11	September 5, 2008
Options	1,360,000	\$0.15	September 23, 2008
Warrants	1,100,000	\$ 0.10	January 4, 2004
Warrants	5,625,000	\$0.15 / \$ 0.20	March 27, 2005

During the period ending September 30, 2003, 1,225,000 stock options were exercised by directors and a former director of the Company.

4.(d) SHARES IN ESCROW OR SUBJECT TO POOLING AS AT SEPTEMBER 30, 2003

There were no shares held in escrow or subject to pooling as at September 30, 2003.

5. LIST OF DIRECTORS AND OFFICERS AS AT DECEMBER 1, 2003

Directors:

J. Rennie Blair
Alicia Nicholson
Morris Beattie
Garry J. Clark
Alan S. Phillips

Officers:

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

**SUR AMERICAN GOLD CORPORATION
QUARTERLY REPORT
FOR THE NINE MONTHS ENDED SEPTEMBER 30,2003**

MANAGEMENT DISCUSSION AND ANALYSIS

DESCRIPTION OF BUSINESS

Sur American Gold Corporation (the "Company") is engaged in the exploration of precious and base metals. All the Company's active exploration efforts are focused on a suite of gold and copper-gold properties in the Philippines.

SUMMARY OF PROPERTIES

COMVAL GOLD AREA (Batoto and Panag Projects)

This project is located in Compostela Valley Province, South Eastern Mindanao Island and consists of the Batoto and Panag Projects. Gold mineralization in the form of medium to high grade quartz fissure veins and low-medium grade quartz stockwork zones is known to extend for approximately 15 km in a north-south direction. The largest area of gold mineralization found to date occurs in the Batoto area in the southern portion of the project where an area of at least 500 metres by 1000 metres contains wide zones of quartz veinlets and microveinlets. In addition the Batoto gold stockwork deposit is cut by more than 15 north-east trending 0.5 metre to 10 metre wide sub-parallel massive quartz veins. The veins invariably carry gold mineralization many of which contain grades exceeding 15g/t gold (up to 148g/t gold) as described in several news releases. The vertical extent of gold mineralization is not known at this time.

The Company has set its 2003/2004 goal to determine the extent of mineralized zone(s) by systematic geological mapping, extensive sampling and drilling.

COMVAL COPPER-GOLD PROJECT

Three copper-gold porphyry and skarn deposits called Tagpura, Ma-Angob and Kalamatan 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

SUR AMERICAN GOLD CORPORATION
QUARTERLY REPORT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003

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.

OPERATIONS AND FINANCIAL CONDITION

During the period ended September 30, 2003 the Company recorded a loss of \$ 265,862 compared with a loss of \$217,590 for the comparable 2002 period.

The difference of \$ 48,272 was mainly due to a decrease in salaries and benefits \$ 37,039 offset by an increase in legal and professional costs \$20,273, regulatory and filing fees \$ 12,618, interest on loans \$ 5,218 and an increase in stock-based compensation of \$47,052 , the decrease in salaries and benefits was due two directors agreeing to have their salaries reduced in order to help the Company, the increase in legal and professional fees and regulatory and filing fees is mainly due to the activities of the Company in the acquisition of 70% interest in Sabena and to the Private placement.

During the period ended September 30, 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 original agreement the Company was 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.

On May 19, 2003 a Variation Deed Agreement was signed by Eastern and Sur American Gold Corporation pursuant to which the Company acquired the 70 % interest in Sabena Limited by issuing the total 5,000,000 shares to Eastern for the 70 % interest , and the Company agreed on a best endeavours basis to \$ 4, 000,000 in exploration funding on the Sabena's properties. This variation deed agreement was approved by the TSX venture Exchange on June 17, 2003 and the shares were issued on June 18, 2003.

INVESTOR RELATIONS ACTIVITIES

During the period ended September 30, 2003 , the Company's expenditures for investors relations related to updating of the web-site and distribution of news releases.

RELATED PARTY TRANSACTIONS

Related party transactions are as outlined in Note 7 in Schedule " A"

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2003 the company had a working capital deficiency of \$40,741, as

compared to a working capital deficiency of \$ 14,500 at September 30, 2002.

During the period ending September 30, 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 the shares were issued.

During the period ending September 30, 2003, directors and a former director of the Company exercised 825,000 stock options at \$ 0.10 for total proceeds of \$ 82,500, and 400,000 at \$0.11 for total proceeds of \$ 44,000.

During the period ending September 30, 2003, The Company issued to two directors 4,814,285 shares in lieu of prior year's unpaid salaries in the amount of \$674,000 after obtaining disinterested shareholder's approval at the Annual General meeting and approval from the TSX Venture Exchange.

SUBSEQUENT EVENTS

Subsequent to September 30, 2003:

- (a) The Company completed a Private Placement of 4,000,000 units at a price of \$ 0.25 per unit for total proceeds of \$1,000,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant entitled the holder to purchase one additional common share at an exercise price of \$0.35 per share in the first year and at a price of \$ 0.50 per share during the second year.
- (b) A director of the Company exercised 225,000 stock options for total proceeds of \$23,750.