

**SUR AMERICAN GOLD
CORPORATION**

**Unaudited Interim Consolidated Financial Statements
March 31, 2006 and 2005**

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

	As at 31 March 2006 (Unaudited)	As at 31 December 2005 (Audited)
Assets		
Current		
Cash	\$ 2,339,990	\$ 2,871,629
Amounts receivable and advances	234,388	129,492
Prepaid expenses	5,359	5,391
	2,579,737	3,006,512
Investments in and Expenditures on Resource		
Properties (note 3)	6,889,148	6,463,562
Capital	528,012	529,507
	\$ 9,996,897	\$ 9,999,581
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 286,111	\$ 232,327
	286,111	232,327
Non-Controlling Interest in Subsidiaries		
	159,681	120,988
	445,792	353,315
Shareholders' Equity		
Share Capital (note 4)	20,704,190	20,669,260
Contributed Surplus	2,743,062	2,743,062
Deficit	(13,896,147)	(13,766,056)
	9,551,105	9,646,266
	\$ 9,996,897	\$ 9,999,581

Going-Concern and Nature of Operations (note 1)
Subsequent Events (note 6)

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 Months Ended March 31, 2006 and 2005**

	Three months ended March 31, 2006	Three months ended March 31, 2005
Expenses		
Salaries and benefits	\$ 44,102	\$ 19,722
Regulatory and shareholder costs	21,824	37,233
Legal and professional	19,357	22,964
Office and miscellaneous	8,687	7,069
Travel and accommodation	7,649	4,504
Rent	6,000	10,125
Depreciation and amortization	4,298	4,298
Telephone and fax	2,029	2,461
Bank charges and interest	2,008	278
Interest on loan payable		2,407
Foreign exchange loss/(Gains)	(17,845)	2,606
Loss Before Other Item	(98,109)	(113,667)
Other Item		
Interest income	6,711	443
Loss Before Non-Controlling Interest	(91,398)	(113,224)
Non-Controlling Interest	(38,693)	340
Net Loss for Period	(130,091)	(112,884)
Deficit, Beginning of Period	(12,986,631)	(10,348,410)
Cumulative Effect of Adoption of New Accounting Standard	(779,425)	(901,040)
Deficit, End of Period	\$ (13,896,147)	\$ (11,362,334)
Loss Per Share – basic and diluted	\$ 0.00	\$ 0.00
Weighted Average Number of Common Shares Outstanding	81,271,541	62,712,447

SUR AMERICAN GOLD CORPORATION
Unaudited Interim Consolidated Statements of Cash Flows
Three Months Ended March 31, 2006 and 2005

	Three months ended March 31, 2006	Three months ended March 31, 2005
Operating Activities		
Net Loss	\$ (130,091)	\$ (112,884)
Items not involving cash		
Depreciation and amortization	39,474	16,857
Loss on retirement of fixed assets	2,448	-
Non-controlling interest in subsidiary	38,693	(340)
Operating Cash Flow	(49,476)	(96,367)
Changes in Non-Cash Working Capital		
Amounts receivable and advances	(104,896)	(5,271)
Prepaid expenses	32	-
Accounts payable and accrued liabilities	53,784	131,918
	(51,080)	126,647
Cash Provided by (Used in) Operating Activities	(100,556)	30,280
Investing Activities		
Purchase of capital assets	(40,427)	(49,570)
Expenditures on deferred exploration costs	(425,586)	(448,066)
Cash held in affiliates, beginning of year		127,027
Cash Used in Investing Activities	(466,013)	(370,609)
Financing Activities		
Proceeds from issuances of common shares	34,930	108,100
Cash Provided by Financing Activities	34,930	108,100
Outflow of Cash	(531,639)	(232,229)
Cash, Beginning of Period	2,871,629	2,171,284
Cash, End of Period	\$ 2,339,990	\$ 1,939,055

SUR AMERICAN GOLD CORPORATION

Notes to Unaudited Interim Consolidated Financial Statements Three Months Ended March 31, 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 months ended March 31, 2006, the Company incurred a net loss of \$130,091 (March 31, 2005, \$112,884) and as at March 31, 2006 had a deficit of \$13,896,147 (March 31, 2005 - \$11,362,334). 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 Months Ended March 31, 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 year				
Assaying	4,822	6,249	-	11,071
Community development	2,591	3,092	4,155	9,838
Consultants	50,669	69,500	10,866	131,035
Depreciation and amortization	32,865	736	1,576	35,177
Drilling costs	63,581	-	-	63,581
Exploration and mineral processing	-	50,284	-	50,284
Field supplies and miscellaneous	27,042	35,886	24,622	87,550
Geological	16,349			16,349
Transportation and travel	9,989	8,830	1,882	20,701
	207,908	174,577	43,101	425,586
Balance, end of period	1,478,119	1,497,849	819,939	3,795,907
	\$ 2,516,100	\$ 2,535,950	\$ 1,837,098	\$ 6,889,148

SUR AMERICAN GOLD CORPORATION

Notes to Unaudited Interim Consolidated Financial Statements Three Months Ended March 31, 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 Months Ended March 31, 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 (note 8(c)(ii))	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 (notes 8(c)(ii) and 9)	0	(32,000)
Balance, December 31, 2005	81,256,614	20,669,260
Issued pursuant to		
Exercise of warrants	53,738	34,930
Balance, March 31, 2006	81,310,352	\$ 20,704,190

(c) Private placements

During the period ended March 31, 2006, a director exercised 53,738 share purchase warrants for total proceeds of \$34,930.

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Three Months Ended March 31, 2006 and 2005

(d) Warrants

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

Expiry Date	Exercise Price	Mar 2006	Dec 2005
March 27, 2005	\$ 0.20	0	0
November 19, 2005	\$ 0.50	0	0
April 30, 2006	\$ 1.07	32,243	32,243
April 30, 2006	\$ 2.10	483,645	483,645
April 30, 2006	\$ 0.65	0	53,738
August 16, 2007	\$ 0.55 / \$0.75	6,250,000	6,250,000
		6,765,888	6,819,626

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

	Mar 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			(140,000)	\$ 0.50
Outstanding and exercisable, end of year	6,765,888	\$ 0.53	6,819,626	\$ 0.53

5. RELATED PARTY TRANSACTIONS

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

Included in accounts payable and accrued liabilities is \$159,365 (Dec 2005 - \$139,614) payable to directors, an employee and a corporation controlled by a director.

During the period, gross rent of \$6,000 (Dec 2005 - \$24,000) was paid to directors.

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Three Months Ended March 31, 2006 and 2005

During the period, \$6,750 was paid to a person related to a director of the Corporation for web-site design and content.

6. SUBSEQUENT EVENTS

On April 30, 2006, 483,645 share purchase warrants expired unexercised.

On April 19, 2006, a director exercised 100,000 stock options for total proceeds of \$40,000.