

Further highly encouraging results from Drilling and Surface Trenching Programs at Batoto Gold Project

News Release: August 2, 2006

PO Box 16023, 1199 Lynn Valley Road, North Vancouver, BC, Canada V7J3H2

Ph (604) 904 8956, Fax (604) 904-8957,

e-mail surgold@telus.net

Website : www.surgold.com

Sur American Gold Corporation (SUR-V) is very pleased to provide an update on its on- going drilling, trenching and geophysical programs at its Batoto copper-gold-silver porphyry project in the Compostela Valley, Eastern Mindanao, Philippines.

EXPLORATION HIGHLIGHTS

- Discovery of further wide zones of high grade gold mineralization along strike from potentially bulk mineable gold mineralization being outlined by current drilling program. The latest discovery of a new zone of 9.91g/t gold over 30 metres (including 20.5g/t gold over 14 metres) follows another high grade discovery of 10.7g/t gold over 22 metres (including 54.7g/t gold over 4 metres) recently discovered and previously announced.
- These new discoveries represent major new drilling targets for several hundred metres along strike to the south west and south east of the current program.
- Discovery of extensive gold stockwork mineralization with grab samples grading up to 61g/t gold and associated with highly anomalous disseminated and vein related copper mineralization grading up to 0.3% copper in creeks adjacent to a major geophysical target in the far SW area of the Batoto area. The dimensions of this large geophysical anomaly is currently being defined by Geophysical Consultants Elliot International Pty Ltd.
- Further long intervals of low-medium grade, potentially bulk mineable gold mineralization in Batoto DH 4 and BatotoDH 5 diamond drill holes which follow earlier successes in Batoto DH 2 and DH 3 drillholes.
- Site preparation at the Tagpura copper-gold project in order to test high grade outcropping massive copper-gold sulphide zones and associated gold stockwork mineralization.
- The gold potential of the 7 km long Tagpura zone of copper-gold mineralization has never been tested by drilling and the initial 4-6 hole test drilling program is expected to provide valuable information on the gold (and copper distribution) to enable the results of a new geophysical survey to be correctly interpreted and for a larger drilling program to be planned.

LASTEST DRILLING RESULTS

BATOTO DH 4 (-60 degrees to an azimuth of 030 degrees but finished at 010 degrees)

The hole was drilled to a down hole depth of 399.1 metres and intersected a total of significant mineralization mainly in the upper portions of the hole. From the surface to 136 metres a total of 5 zones totaling 50 metres and grading 0.42g/t gold were obtained. In addition, a further 28 metres of lower grade mineralization was obtained. Deeper in the hole, two narrow zones totaling 5 metres and grading 1.4g/t were also obtained in addition to a further 40 metres of lower grade mineralization.

BATOTO DH 5 (-50 degrees to an azimuth of 150 degrees).

The hole was drilled to a depth of 265.1 metres and results have been received for the first 200 metres. From 135 metres to 160 metres (25 metres) a zone of mineralization grading 0.72g/t gold (including 7 metres grading 1.22g/t gold) was obtained. In addition a further 45 metres of lower grade mineralization was obtained.

BATOTO DH 6 (-65 degrees to an azimuth of 150 degrees)

The hole was drilled to a downhole depth of 297.2m and no assays have yet been received.

DISCUSSION OF RESULTS

The test drilling to date has obtained "potentially economic mineralization" in all drill holes of the grade currently being mined by many large bulk mineable heap leach deposits in the world.

Higher grades than those anticipated based on extensive prior surface and underground sampling have not yet been intersected and an internal review of all results before additional test drilling is undertaken. Very high grades obtained from extensive surface trenching for several hundred metres to the south of the current drilling area certainly indicate that drilling should extend into this area.

As previously advised the Company commenced an independent copper-gold exploration program. Detailed mapping and sampling is well advanced at the Tagpura copper-gold project and accordingly a decision has been made to immediately drill initial 4-6 holes to test the gold potential of this large project. The information will also assist in planning a much larger drilling program and a major geophysical survey to define additional target.

Initial drilling will take place at various sites within the old Tagpura open cut.

In order to ensure complete independence all sample preparation was undertaken at the Intertek Laboratory in Surigao, Northern Mindanao. Intertek is a 9002 Certified Laboratory. Pulverized 200 gram sub samples were then sent to Genalysis Laboratories in Perth, Western Australia for analysis using the FA 50/SAAS method (fire assay with atomic absorption finish).

This news release was prepared by Mr. Blair who is the qualified person as required by National Policy 43-101 and who is the technical person responsible for this news release.

Sur American Gold Corporation is a well financed junior exploration Company and trades on the TSX Venture Exchange (Canada) with trading symbol SUR-V.

On behalf of the board of directors

Alicia-Nicholson
Director
Contacts: Sur American Gold Corporation Ph (604) 904-8956

The TSX Venture Exchange has neither approved nor disapproved the contents of this news release