

**SUR AMERICAN GOLD  
CORPORATION**

**Unaudited Interim Consolidated Financial Statements  
March 31, 2007 and 2006**

<b><u>Index</u></b>	<b><u>Page</u></b>
<b>Unaudited Interim Consolidated Financial Statements</b>	
Consolidated Balance Sheets	2
Consolidated Statements of Operations and Deficit	3
Consolidated Statements of Cash Flows	4
Notes to Consolidated Financial Statements	5 – 10

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

The accompanying Unaudited Interim Consolidated Financial Statements for the three months ended for March 31, 2007 and 2006 have been prepared by management and have not been the subject of a review by the company's independent auditor.

Vancouver, B.C.  
May 29, 2007

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

	<b>As at 31 March 2007 (Unaudited)</b>	<b>As at 31 December 2006 (Audited)</b>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 797,972	\$ 1,365,814
Amounts receivable and advances	63,140	66,692
Prepaid expenses	101,002	134,617
	962,114	1,567,123
<b>Investments in and Expenditures on Resource Properties (note 3)</b>	9,228,990	8,704,099
<b>Capital</b>	406,083	450,018
	\$ 10,597,187	\$ 10,721,240
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 225,765	\$ 239,289
<b>Non-Controlling Interest in Subsidiaries</b>	105,247	107,421
	331,012	346,710
<b>Shareholders' Equity</b>		
<b>Share Capital (note 4)</b>	21,934,686	20,779,686
<b>Share Subscriptions (Note 4c)</b>	-	1,155,000
<b>Contributed Surplus</b>	3,079,885	3,079,885
<b>Deficit</b>	(14,748,396)	(14,640,041)
	10,266,175	10,374,530
	\$ 10,597,187	\$ 10,721,240

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

Approved by the Board:

*"Brett Taylor"*  
..... Director  
Brett Taylor

*"Doug Evans"*  
..... Director  
Doug Evans

**SUR AMERICAN GOLD CORPORATION**  
**Unaudited Interim Consolidated Statements of Operations and Deficit**  
**Three Months Ended March 31, 2007 and 2006**

	Three months ended March 31, 2007	Three months ended March 31, 2006
<b>Expenses</b>		
Salaries and benefits	\$ 27,980	\$ 44,102
Regulatory and shareholder costs	8,139	21,824
Legal and professional	35,872	19,357
Office and miscellaneous	21,129	8,687
Travel and accommodation	18,314	7,649
Rent	-	6,000
Depreciation and amortization	2,282	4,298
Telephone and fax	292	2,029
Bank charges and interest	925	2,008
Foreign exchange loss/(Gains)	694	(17,845)
<b>Loss Before Other Item</b>	(115,627)	(98,109)
<b>Other Item</b>		
Interest income	5,098	6,711
<b>Loss Before Non-Controlling Interest</b>	(110,529)	(91,398)
<b>Non-Controlling Interest</b>	2,174	(38,693)
<b>Net Loss for Period</b>	(108,355)	(130,091)
<b>Deficit, Beginning of Period</b>	(14,640,041)	(12,986,631)
<b>Cumulative Effect of Adoption of New Accounting Standard</b>	-	(779,425)
<b>Deficit, End of Period</b>	\$ (14,748,396)	\$ (13,896,147)
<b>Loss Per Share – basic and diluted</b>	\$0.001	\$ 0.002
<b>Weighted Average Number of Common Shares Outstanding</b>	84,307,256	81,271,541

**SUR AMERICAN GOLD CORPORATION**  
**Unaudited Interim Consolidated Statements of Cash Flows**  
**Three Months Ended March 31, 2007 and 2006**

	Three months ended March 31, 2007	Three months ended March 31, 2006
<b>Operating Activities</b>		
Net Loss	\$ (108,355)	\$ (130,091)
Items not involving cash		
Depreciation and amortization	2,282	4,298
Loss on retirement of fixed assets	-	2,448
Non-controlling interest in subsidiary	(2,174)	38,693
<b>Operating Cash Flow</b>	<b>(108,247)</b>	<b>(84,652)</b>
<b>Changes in Non-Cash Working Capital</b>		
Amounts receivable and advances	3,552	(104,896)
Prepaid expenses	33,615	32
Accounts payable and accrued liabilities	(13,524)	53,784
	23,643	(51,080)
<b>Cash Provided by (Used in) Operating Activities</b>	<b>(84,604)</b>	<b>(135,732)</b>
<b>Investing Activities</b>		
Purchase of capital assets	-	(40,427)
Expenditures on deferred exploration costs	(483,238)	(390,410)
<b>Cash Used in Investing Activities</b>	<b>(483,238)</b>	<b>(430,837)</b>
<b>Financing Activities</b>		
Proceeds from issuances of common shares	-	34,930
<b>Cash Provided by Financing Activities</b>	<b>-</b>	<b>34,930</b>
<b>Outflow of Cash</b>	<b>(567,842)</b>	<b>(531,639)</b>
<b>Cash, Beginning of Period</b>	<b>1,365,814</b>	<b>2,871,629</b>
<b>Cash, End of Period</b>	<b>\$ 797,972</b>	<b>\$ 2,339,990</b>

**SUR AMERICAN GOLD CORPORATION**  
**Notes to Unaudited Interim Consolidated Financial Statements**  
**Three Months Ended March 31, 2007 and 2006**

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**1. GOING-CONCERN AND NATURE OF OPERATIONS**

Sur American Gold Corporation (the "Company") is incorporated under the laws of Canada. 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, 2007, the Company incurred a net loss of \$108,355 (March 31, 2006, \$130,091) and as at March 31, 2007 had a deficit of \$14,748,396 (March 31, 2006 - \$13,896,147). The Company's ability to continue in operation is dependent on its ability to secure additional financing to fund ongoing administrative, planned exploration 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 2006 audited 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, 2007 and 2006**

**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		Mar 31, 2007 Total	Dec 31, 2006 Total
<b>Acquisition costs</b>	\$	1,037,981	\$	1,038,101	\$	1,017,159	\$	<b>3,093,241</b>	<b>3,093,241</b>
<b>Deferred exploration costs</b>									
Balance, beginning of year		2,210,469		2,375,001		1,025,388		<b>5,610,858</b>	<b>3,370,321</b>
Incurred during quarter:									
Assaying		45,483		71,137		-		<b>116,620</b>	<b>70,476</b>
Community development		3,963		7,504		4,333		<b>15,800</b>	<b>66,871</b>
Consultants		45,888		62,622		22,235		<b>130,745</b>	<b>502,275</b>
Depreciation and amortization		36,600		1,923		1,706		<b>40,229</b>	<b>145,417</b>
Drilling costs		58,770		-		-		<b>58,770</b>	<b>305,232</b>
Exploration and mineral processing		27,214		3,995		5,422		<b>36,631</b>	<b>164,004</b>
Field supplies and miscellaneous		30,357		15,595		21,668		<b>67,620</b>	<b>744,196</b>
Geological		24,510		-		-		<b>24,510</b>	<b>88,068</b>
Transportation and travel		20,816		7,006		6,144		<b>33,966</b>	<b>153,998</b>
<b>Total for quarter</b>		<b>293,601</b>		<b>169,782</b>		<b>61,508</b>		<b>524,891</b>	<b>2,240,537</b>
Deferred exploration costs									
Balance, end of quarter		2,504,070		2,544,783		1,086,896		<b>6,135,749</b>	<b>5,610,858</b>
<b>Total</b>	\$	<b>3,542,051</b>	\$	<b>3,582,884</b>	\$	<b>2,104,055</b>	\$	<b>9,228,990</b>	<b>8,704,099</b>

**SUR AMERICAN GOLD CORPORATION**  
**Notes to Unaudited Interim Consolidated Financial Statements**  
**Three Months Ended March 31, 2007 and 2006**

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

- (a) Panag, Suriganon and Tagpura, and Camanlangan are located in the Municipality of New Bataan, Compostela Valley Province, Philippines. The Cadan area lies partly in New Bataan but mostly in the Municipality of Nabunturan, Compostela Valley Province.

Panag and Suriganon are located within Exploration Permit ("EP") No. 000001-00-X1 covering an area of approximately 2,170.82 hectares, which was granted on March 1, 2000. Tagpura is located within Exploration Permit Application ("EXPA") EXPA X1-063 covering a revised area of 2,200 hectares, more or less. It was filed in July 1997. Both are owned 100% by Philco. EPA X1-063 is being converted 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 approximately 648 hectares, and is situated within Exploration Permit Application EXPA-109-X1, which covers an area of approximately 3,205.2937 hectares. The property was transferred in 2004 from 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.

In December of 2006, Batoto acquired from local company, Bunawan Mining Corporation, an area of approximately 813.5942 hectares, which lies to the south-east of Batoto EXPA-109-X1.

Batoto EXPA – 109-X1 now has a total area of approximately 4,018.8879 hectares.

- (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 84.982 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, 2007 and 2006**

**4. SHARE CAPITAL**

(a) Authorized

Unlimited common shares without par value.

(b) Issued

	Number of Shares	Amount
Balance, December 31, 2005	81,256,851	20,669,260
Issued pursuant to:		
Exercise of warrants	53,738	34,930
Exercise of stock options	100,000	40,000
Reallocation from contributed surplus	-	35,496
Balance, December 31, 2006	81,410,589	\$ 20,779,686
Issued pursuant to		
Private placement (note 4(c))	3,300,000	1,155,000
Balance, March 31, 2007	84,710,589	\$ 21,934,686

(c) Private placements

On January 12, 2007 the Company completed a private placement involving the issuance of 3,300,000 units at \$0.35 per unit for gross proceeds of \$1,155,000. Each unit consists of one common share and one common share purchase warrant. The warrant entitles the holder to purchase an additional common share at a price of \$0.50 during the first 12 months and for \$0.65 during the second 12 months. All securities under this private placement had a four-month hold period that expired on May 12, 2007.

(d) 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 March 31, 2007 and December 31, 2006, the following incentive stock options were outstanding and exercisable:

**SUR AMERICAN GOLD CORPORATION**  
**Notes to Unaudited Interim Consolidated Financial Statements**  
**Three Months Ended March 31, 2007 and 2006**

Expiry Date	Exercise Price	Mar 2007	Dec 2006
December 11, 2007	\$ 0.25	50,000	50,000
September 5, 2008	\$ 0.11	115,000	115,000
December 11, 2008	\$ 0.45	180,000	740,000
September 30, 2009	\$ 0.40	1,837,500	4,037,500
August 17, 2010	\$ 0.60	1,030,000	1,790,000
July 12, 2011	\$ 0.48	520,000	1,000,000
		3,732,500	7,732,500

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

	Mar 2007		Dec 2006	
	Number Of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period				
year	7,732,500	\$ 0.46	7,192,500	\$ 0.46
Awarded			1,000,000	\$ 0.48
Exercised			(100,000)	\$ 0.40
Cancelled	(4,000,000)	\$ 0.45	(360,000)	\$ 0.60
Outstanding and exercisable, end of period	3,732,500	\$ 0.45	7,732,500	\$ 0.46

Stock options held by officers, directors and employees of the Company expire 30 days following their departure from the Company. During the period options belonging to former officers, directors and employees were not exercised within 30 days of their departure and were cancelled.

**SUR AMERICAN GOLD CORPORATION**  
**Notes to Unaudited Interim Consolidated Financial Statements**  
**Three Months Ended March 31, 2007 and 2006**

(e) Warrants

As at March 31, 2007 and December 31, 2006, the following share purchase warrants were outstanding and exercisable:

Expiry Date	Exercise Price	Mar 2007	Dec 2006
August 16, 2007	\$0.75	6,250,000	6,250,000
January 12, 2009	\$0.50/\$0.65	3,300,000	-
		9,550,000	6,250,000

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

	Mar 2007		Dec 2006	
	Number Of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	6,250,000	\$ 0.75	6,819,626	\$ 0.53
Issued	3,300,000	\$0.50/\$0.65	-	
Exercised	-		(53,738)	\$ 0.65
Expired/forfeited	-		(32,243)	\$1.07
Expired/forfeited	-		(483,645)	\$ 2.10
Outstanding and exercisable, end of year	9,550,000	\$ 0.75	6,250,000	\$ 0.75

On January 12, 2007 the Company completed a private placement involving the issuance of 3,300,000 units. Each unit consists of one common share and one common share purchase warrant. The warrant entitles the holder to purchase an additional common share at a price of \$0.50 during the first 12 months and for \$0.65 during the second 12 months.

**4. RELATED PARTY TRANSACTIONS**

Included in accounts payable and accrued liabilities is \$79,032 (Dec 2006 - \$87,010) payable to a director and officer of the Company.

**SUR AMERICAN GOLD CORPORATION**  
**Notes to Unaudited Interim Consolidated Financial Statements**  
**Three Months Ended March 31, 2007 and 2006**

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**5. SUBSEQUENT EVENTS**

On May 11, 2007 the Company announced that subject to regulatory acceptance, the Company has arranged a non-brokered private placement consisting of up to 5,000,000 units ("Units") at a price of \$0.20 per Unit for gross proceeds of up to \$1,000,000. Each unit will consist of one common share and one non-transferable share purchase warrant. Each warrant will be exercisable for an additional common share of the Company for a period of 12 months from closing at a price of \$0.30 per share.

On May 18, 2007 the directors approved (subject to the acceptance by the TSXV and receipt of disinterested shareholder approval) an amendment to the exercise price of the options held by certain insiders of the Corporation. A total of 2,997,500 options are being re-priced to \$0.20 to reflect the market price on May 18, 2007 and to ensure that the options provide an achievable incentive.