

SUR AMERICAN GOLD CORPORATION

PO Box 16023, 1199 Lynn Valley Road, North Vancouver, BC, Canada V7J 3H2
Ph (604) 904 8956, Fax (604) 904-8957, e-mail suramerican@telus.net

NEWS RELEASE

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PROJECT UPDATE: BATOTO GOLD-SILVER-COPPER PORPHYRY PROJECT

Sur American Gold Corporation (SUR-V) is pleased to provide an update on exploration and project development at its Batoto gold-silver-copper porphyry project within the Comval Area, Compostela Valley Province, Philippines.

EXPLORATION and DEVELOPMENT HIGHLIGHTS

- A **Memorandum of Agreement** ("MOA") granting **'Free and Informed Prior Consent'** ("FPIC") for mineral exploration, development and production at Comval has been signed with local Indigenous Peoples under the auspices of the National Commission on Indigenous Peoples ("NCIP"). The granting of the FPIC is an essential prerequisite to being granted permission to proceed to mining in the Philippines.
- An **Environmental Impact Study** ("EIS") has also been completed and submitted to the Environmental Management Bureau ("EMB"). A first field visit by the EMB and other Government agencies and local organizations is scheduled for early June. This is part of the review and approval process for CIP plant construction and operation.
- A **Feasibility Study** for an initial small scale CIP plant has been completed and submitted to the Philippines Government.
- The source of the mineralization will be the numerous high grade gold veins within the Batoto porphyry many of which have returned local grades in excess of 100g/t gold. Construction is expected to commence by the fourth quarter, 2005 with commissioning during the first quarter 2006. The estimated cost of the operation is approx \$Can 400,000 which will be provided by the treasury of the Company.
- Whilst the high grade operation will assist the Company financially the major corporate goal of the Company is to aggressively explore and delineate the ultimate extent of the Batoto gold-silver-copper porphyry. Following the calculation of resources the Company intends to conduct a major feasibility study.
- The Batoto porphyry system is now believed to cover an area of approximately 70 sq km. The system encompasses the Tagpura copper-gold belt to the east and extends more

than 10 km to Mainat in the west. The north south extent is at least 7km and includes the Suriganonon polymetallic veins and stockworks several km north of where the initial drilling will start.

- Results from prospecting several km to the west and north of the new Santa Fe discovery suggest that the limits of this gold-silver-copper porphyry system extend considerably further than previously believed. Sampling is in progress in these areas and results will be reported when they are available.
- A geophysical contract to undertake approx. 50 line km of induced polarization and magnetic surveys to determine the extent of the new gold-silver-copper porphyry discovery at the Santa Fe zone has been signed. The program is scheduled to commence in early July.
- Collection of a representative 60 tonne bulk sample of the new gold-silver-copper porphyry discovery in Batoto Creek over an interval of nearly 200 metres is continuing. Once completed this second bulk sample will be processed. This second sample follows very encouraging gold, silver and copper results of an earlier 11 tonne sample.
- A 300 metre channel up the side of the hill which exposes the mostly gently dipping Tarale veins in the SE sector of the Batoto porphyry has commenced. The first 84 metres of this channel (which **does not** include the high grade Tarale 6, 7, 8, 10, 11 and 12 veins) gave a weighted average grade of 1.25g/t gold. Inclusion of the high grade larger veins would considerably increase the overall grade.
- A new vein discovery has been made about 50 metres north east of the entrance to the Clark crosscut. A channel sample cut across the vein returned a true width of 1 metre grading 69.1 g/t gold. Follow up exploration has commenced. This vein is in addition to the more than 100 larger veins already discovered within the Batoto porphyry.
- A recent landslip on the lower slopes of Batoto Mountain has revealed a previously unknown strongly mineralized area of gold mineralization within the lower levels of the Batoto porphyry. This new outcrop measures more than 40 metres wide and initial sampling has returned a grade of 3.1g/t gold from initial chip sampling across the landslip area. Follow-up sampling is underway to confirm this new discovery. This new area further extends the limits of potentially economic bulk mineable gold mineralization from an elevation of 900 metres above sea level to this lower elevation of 480 metres a vertical distance of more than 400 metres.
- Mobilization of a Longyear 44 drill rig to Comval is expected within 2 weeks, subject to finalization of the contract. The initial drilling at the Batoto porphyry will consist of a two stage program totaling 12,000 metres.

Potential Bulk Mineability of Batoto Deposit

The potential bulk mineability of the Batoto deposit is further enhanced by the above results particularly when combined with demonstrated continuity of gold mineralization grading approx

2g/t gold in the Clark crosscut over its entire 123 metre length some 600 metres from the Tarale channel.

Recent information received from the Company's prospecting team currently working to the west and north of the Santa Fe strongly suggests that bulk mineable gold (plus silver and copper) mineralization may now extend more than 5km in an east-west direction and 3.5-4km in a north south direction.

Further, the 2004 geophysical survey which discovered the large anomaly suggests a vertical depth of the porphyry of not less than 800 metres.

All sampling is personally undertaken by experienced technical personnel who each have more than 15 years experience in correct sampling practices. Sampling practices are personally approved by Mr Rennie Blair Msc, FAusIMM, the President of Sur American Gold Corporation who is a qualified person as defined by National Policy 43-101. The latest assaying was performed at the JBMM Laboratory at Monkayo, Compostela Valley Province.

SUR President and CEO Mr J. Rennie Blair added "Sur is delighted with the results achieved to date. The exploration results continue to expand the known extent of the mineralization of the Batoto porphyry project. The signing of the MOA granting FPIC with the Indigenous Peoples is a major milestone and will ultimately lead to a commercial mining operation.

Change of Office Address

The Company advises that from June 1, 2005 it will be changing its head office and mailing address from 2300-1066 West Hastings St, Vancouver to PO Box 16023, 1199 Lynn Valley Road, North Vancouver, V7J 3H2. The phone number will be (604) 904-8956

This news release was prepared by Mr. Rennie Blair, Company President 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

J. Rennie Blair
President

Contacts: Sur American Gold Corporation Ph (604) 904 8956
Renmark Financial Communications (514) 939-3989. Neil Murray-Lyon, Tina Cameron or any other Account Manager

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

