Kalimantan GOLD
Corporation Limited

Second Quarter Report

For the six months ended June 30, 2012

Kalimantan GOLD

Corporation Limited

Management Discussion and Analysis

Six month period ended June 30, 2012

Date

The following discussion is management's assessment and analysis of the results of operations and financial conditions ("MD&A") of Kalimantan Gold Corporation Limited (the "Company" or "Kalimantan Gold") and should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements and related notes thereto for the six months ended June 30, 2012 (the "Financial Statements"), and with the audited consolidated financial statements for the year ended December 31, 2011, and 2010, which are available on the SEDAR website at www.sedar.com.

All financial information in this MD&A related to 2012 and 2011 has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in US dollars unless otherwise indicated.

Additional information relating to the Company is available on SEDAR at **www.sedar.com**.

The effective date of this MD&A is August 23, 2012.

Overview

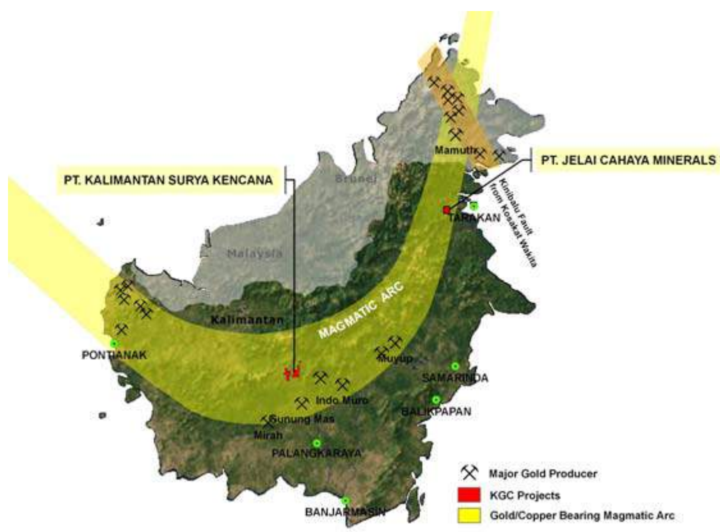
Description of the Business

Kalimantan Gold is incorporated in Bermuda and is an exploration stage company engaged in the business of acquiring and exploring mineral properties in Kalimantan, Indonesia. The Company is a reporting issuer in British Columbia, Alberta and Ontario and trades in Canadian dollars on the TSX Venture Exchange in Canada and in British pence on the AIM Market in London under the symbol KLG.

The Company has two principal areas of interest: the Jelai Cahaya Minerals, Jelai epithermal gold prospect in East Kalimantan; and the KSK Contract of Work (the "KSK CoW") in Central Kalimantan with multiple porphyry copper and gold prospects.

The highlights for the three month period ended June 30, 2012, and up to the date of this report include:

- Drilling continues at Jelai Gold project
- Drilling continues at KSK CoW
- Private Placement raised $480,000



KSK CoW

The holder of the KSK CoW is PT Kalimantan Surya Kencana ("KSK"). KSK is owned 75% by Indokal and 25% by PCK. Indokal owns 100% of PCK. On April 18, 2011, the Company entered into a joint venture agreement (the "Agreement") with a wholly-owned subsidiary of Freeport-McMoRan Exploration Corporation ("Freeport") in relation to the KSK CoW. Pursuant to the Agreement, Freeport can earn a 51% equity interest in Indokal by expending a minimum of $7,000,000 on funding KSK expenditures over three years (the "Initial Period"). Freeport is obligated to expend not less than $3,000,000 on specific areas of the KSK CoW by March 12, 2013. On completion of the Initial Period, Freeport can earn a further 24% equity interest in Indokal (total 75%) by sole funding the completion of a feasibility study on the KSK CoW with best efforts to complete it within ten years. Subsequently, if a decision to mine is made, Freeport must use commercially reasonable efforts to arrange non-recourse project financing on reasonable terms and conditions for the costs of development on terms mutually agreeable to each of the participants. Upon a decision to mine, if a participant declines to fund its share, then that party will assign all of its rights and interests in Indokal to the other participant in consideration of a 1% net smelter return royalty ("NSR") on the KSK CoW. During the Initial Period, KSK is the operator of the exploration program, and the Company earns a 3%-5% management fee on all expenditures incurred on the KSK CoW pursuant to the Agreement. During the six months ended June 30, 2012, the Company earned management fees of $133,684 (2011 - $22,637) pursuant to the Agreement.

A portion of the KSK CoW is within a Hutan Lindung (protected / reserved forest) area. The KSK CoW was granted prior to the enactment of the 1999 Government of Indonesia Law No. 41 on Forestry which prohibits open pit mining in Hutan Lindung areas. A subsequent Presidential Decree has confirmed that when the Company's property meets the necessary criteria it may apply for a permit to exploit that portion of the properties within the KSK CoW that fall within the Hutan Lindung. On March 12, 2012, KSK received the extension to the expired forestry permit granting full permission to explore certain areas of the KSK COW for two years and denied permission to explore certain other areas of the COW within the Hutan Lindung. The phase one forestry permit is for an area totaling 7,422 hectares of the KSK CoW and gives the rights to the holder to carry out full mineral exploration activities within the permitted concession area. The Company will continue to work through the permitting process to secure permitting over the remaining prospective areas, including Tambang Huoi, one of the three highest priority targets of the KSK CoW. The portion of the KSK CoW that has not been permitted will remain in suspension until a forestry permit is issued.

The Company is permitted, and KSK is executing drill tests of key prospects at Beruang Tengah and Beruang Kanan, resource definition drilling at Beruang Kanan as well as bring other priority prospects to the drilling stage with additional important ground follow-up work. Multiple deep drilling targets have collectively been defined and prioritized at five of the priority copper porphyry targets with the Freeport exploration team.

The main focus of the exploration programs will be drill testing the deeper porphyry copper targets that have been identified on the KSK CoW. Advanced magnetic survey inversion modeling identified numerous massive deep seated bodies below extensive surface geochemical anomalies and existing drill holes where copper mineralization was present. The three highest priority targets identified are the Beruang Tengah, Beruang Kanan and Tambang Huoi prospects, which are all expected to be drill tested by at least one hole to a depth of up to 1,500 meters in the first year of the program. Previous drilling results at Beruang Kanan have included intersections of 167 meters at 0.59% copper from 4.5 meters, 79 meters at 0.89% copper from 6.5 meters and 102 meters at 0.62% copper from 3 meters. Further details on the inversion modeling and identified targets are contained in technical reports on the Company's website at www.kalimantan.com.

On May 28, 2012, the Company announced that drilling commenced on May 23, 2012, with the first deep holes being drilled at Beruang Tengah and Beruang Kanan. There have been 4 holes completed and 3 holes in progress for a total of 4,083.4 metres drilled to date. Assays are pending.

Freeport, as the world's second largest copper producer with extensive Indonesian experience, is an exceptional and ideal partner to rapidly advance the KSK Copper Project and create value for all stakeholders.

From the Agreement date to June 30, 2012, Freeport has funded activities on the KSK CoW in the Initial Period of $4,641,202.

Jelai

The holder of the Jelai Izin Usaha Pertambangan ("IUP") is PT Jelai Cahaya Minerals ("JCM"). The Company's indirect corporate ownership of JCM is in the final stages of being unwound, so that a wholly-owned subsidiary of the Company, KLG Singapore Private Limited ("KLG SING") will hold all of 99.9% of the shares of JCM and the Company will hold the remaining 0.1% of the shares of JCM.

On February 16, 2011, the Company executed an option agreement (the "Deed") with Tigers Realm Minerals Pty Ltd. which was subsequently assigned to Tigers Realm Metals Pty Ltd. ("Tigers"). The effectiveness of the Deed was conditional upon the IUP being extended and forestry permits being granted as necessary to enable the on-ground activities to be conducted. The IUP was extended until June 2, 2015 and the forestry permit was issued on November 7, 2011 so that the Deed took effect on November 7, 2011.

Tigers can incrementally earn up to a 70% interest in KLG SING by funding $6,000,000 expenditures on the IUP and by completing a bankable feasibility study ("BFS") by June 2, 2015. Tigers must spend $2,000,000 within eighteen-months of receipt of the forestry permit. If Tigers does not complete the BFS by June 2, 2015, its interest earned in KLG SING will convert to a NSR royalty on the Jelai project capped at two times its sole-funded contribution funding of the IUP. The applicable percentage of the royalty shall be 1/20th of Tigers' interest earned in KLG SING at that time. By way of example, if Tigers' interest is 35% the percentage shall be 1.75%; or if Tigers' interest is 70% the percentage shall be 3.5%.

By February 21, 2012, the community consultation in respect of planned exploration activities at the Jelai Gold project was complete and we have full support from the local government, community and village leaders. Community development programs commenced prior to exploration activities with sustainable projects that are aimed at contributing to the welfare of local people. The programs will involve more than one hundred local community members (from three villages), and group members will be trained and mentored by the Company and Tiger's multi-disciplined community team in forage and fodder cultivation, farming, animal husbandry, accounting and small business development.

Drilling began in the first week of May 2012 and assay results are pending from the first 9 holes drilled.

Tigers are an ideal partner to rapidly advance the Jelai gold project and create value for all stakeholders. They have extensive experience in Indonesia across exploration, project development, and mine operations; a skilled team able to rapidly explore and develop projects and Tigers' board and management team have a strong track record in raising capital globally. Tigers share the Company's commitment to building a sustainable relationship with the local communities.

The Jelai project has a total of 126 shallow diamond drill holes totaling approximately 14,000 meters. Grid soils, surface mapping and drilling confirmed more than 6km combined strike length of low sulphidation, vein-style, epithermal, gold-silver mineralization, comprising the Mewet, Sembawang, Lipan and Nyabi veins. Previously, shallow drill holes targeted the central areas of the Mewet, Sembawang and Lipan Veins, with high grade mineralized shoots intersected at each.

To June 30, 2012, Tigers had funded $1,001,668 of Jelai project expenditures.

Qualified Person

The Qualified Person responsible for the technical content and verification in this MD&A is Dr. Peter Pollard, a consultant to the Company and the Company's Qualified Person.

Aim Rule 26

We confirm that our website (www.kalimantan.com) includes the information required by AIM Rule 26.

Results of Operations

Results of operations for the six months ended June 30, 2012

The Company incurred a loss and comprehensive loss for the six month period ended June 30, 2012, of $215,575 (2011 - $1,000,618).

The more significant differences between the six-month periods were exploration costs, legal fees, management fees, share-based compensation, and travel and accommodation.

- Exploration costs: June 30, 2012 - $122,226 (June 30, 2011 - $250,648)
  Gross exploration expenditures in the current fiscal period are significantly higher than in the comparative period; however, the majority of these costs are now being funded by our joint venture partners.
- Legal fees: June 30, 2012 - $17,198 (June 30, 2011 - $53,623)
  Legal fees have now generally returned to normal levels for the first half of 2012. The comparative quarter was higher due to the costs to formalize the agreements with Freeport and Tigers on the KSK COW and Jelai projects respectively and on the restructure of JCM.
- Management fees: June 30, 2012 – $219,978 (June 30, 2011 – ($22,367)
  These are a new source of funds for the Company that relate to the Company being the operator of the KSK CoW and Jelai operations, and are directly correlated with the magnitude of the gross exploration expenditures.
- Share-based compensation: June 30, 2012 - $38,563 (June 30, 2011 - $463,250)
  This 2012 expense is related to the continued vesting of options granted to the CEO on April 21, 2011, whereas the 2011 comparative figures reflect the immediate vesting of options granted in April 2011.
- Travel and accommodation: June 30, 2012 - $17,481 (June 30, 2011 - $40,730)
  Travel costs have now generally returned to normal levels for the first and second quarters of 2012. The comparative quarters were higher due to the travel costs associated with formalizing the agreements with Freeport and Tigers on the KSK COW and Jelai projects respectively.

Summary of Quarterly Results

The unaudited financial results for each of the eight most recently completed quarters are summarized below:

	3 months ended June 30, 2012	3 months ended March 31, 2012	3 months ended December 31, 2011	3 months ended September 30, 2011	3 months ended June 30, 2011	3 months ended March 31, 2011	3 months ended December 31, 2010	3 months ended September 30, 2010
Total revenues	-	-	-	-	-	-	-	-
Loss for the quarter	(80,834)	(134,741)	(152,853)	(268,759)	(674,849)	(325,769)	(442,281)	(245,567)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

The Company is an exploration stage enterprise. At this time any issues of seasonality or market fluctuations have no significant impact. The Company currently expenses all its mineral exploration costs and general and administration costs and these amounts are included in the loss for each quarter. The Company's finances determine the levels of exploration. Period over period variances will occur from time-to-time for non-cash items including the granting of stock options and the resulting stock-based compensation expense for that period.

Liquidity

The Company began the current fiscal year with $791,511 in cash. Operating activities contributed $374,976 in cash, the Company recognized restricted cash becoming unrestricted of $209,167, used $21,259 in cash for asset acquisitions, realized net proceeds from share issues of $473,230, and recorded $4,931 of unrealized foreign exchange loss on cash balances, to end the second quarter with $1,832,556 in cash of which $1,131,627 is held exclusively for use on KSK and JCM joint venture projects.

Management believes that the Company's cash on hand at June 30, 2012, combined with ongoing operator management fees, is sufficient to fund exploration activities and operations through the next twelve months. The Company's ability to continue on a going concern basis beyond the next twelve months depends on its ability to successfully raise additional financing for continued operations and for the substantial capital expenditures required to achieve planned principal operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

Capital Resources

On May 9, 2012, the Company closed a private placement and issued 6,000,000 common shares at a price of $0.08 per share to raise $480,000.

At the date of this MD&A, the Company has 6,745,000 stock options outstanding. Upon an increase in the Company's share price and share volume traded, it would be expected that the stock options would be exercised, thereby contributing additional cash to the treasury.

The Company has met its expenditure requirements pursuant to its KSK CoW for all exploration phases of the contract due to the ability to carry over excess work expenditures.

Transactions with Related Parties

a) The Company's related parties consist of companies owned by executive officers and directors as follows:

Name	Nature of transactions
Golden Oak Corporate Services Limited ("Golden Oak")	Financial reporting and corporate compliance services
Romfal Corporate Pty Ltd. ("Romfal")	Chief Executive Officer

The Company incurred the following fees in the normal course of operations in connection with companies owned by key management and directors.

	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
Consulting fees – Golden Oak (CFO's company)	$ 29,537	$ 24,146	$ 58,906	$ 44,546
Consulting fees – Romfal (CEO's company)	15,000	4,600	30,000	4,600
Total	$ 44,537	$ 28,746	$ 88,906	$ 49,146

b) Compensation of key management personnel:

The remuneration of directors and other members of key management personnel, including amounts disclosed above, during the three and six month period ended June 30, 2012, and 2011 were as follows:

		Three months ended June 30,			Six months ended June 30,		
		2012		2012		2012	2011
Consulting fees	$	44,537	$	28,746	$	88,906 $	49,146
Salaries, wages and related costs (exploration and evaluation expenditures)		62,143		52,857		124,286	103,343
Directors fees to non-management directors		6,000		6,000		12,000	12,000
Share-based compensation		13,496		336,924		38,563	336,924
Total	$	126,176	$	424,527	$	263,755 $	501,413

At June 30, 2012, an amount of $111,512 (December 31, 2011 - $76,313) owed to key management personnel is included in trade and other payables.

Future Canadian Accounting Standards

A number of new standards, amendments to standards and interpretations are not yet effective as of June 30, 2012, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a material effect on the financial statements of the Company.

(i) Effective for annual periods beginning on or after July 1, 2012

- Amendments to IAS 1 *Presentation of Financial Statements*
  To require companies preparing financial statements under IFRS to group items within OCI that may be reclassified to the profit and loss. The amendments also reaffirm existing requirements that items in OCI and profit and loss should be presented as either a single statement or two consecutive statements.

(ii) Effective for annual periods beginning on or after January 1, 2013

- Amendments to IAS 27 and IAS 28 *Separate Financial Statements and Investments in Associates and Joint Ventures*
  Addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

- New standard IFRS 9 *Financial Instruments*
  Partial replacement of IAS 39 *Financial Instruments: Recognition and Measurement*

- New standard IFRS 10 *Consolidated Financial Statements*
  Provides a new single consolidation model that identifies control as the basis for consolidation for all types of entities, and replaces IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation – Special Purpose Entities*.

- New standard IFRS 11 *Joint Arrangements*
  Improves the accounting for joint arrangements by introducing a principle-based approach that requires a party to a joint arrangement to recognize its rights and obligations arising from the arrangement. Such a principle-based approach will provide users with greater clarity about an entity's involvement in its joint arrangements by increasing the verifiability, comparability and understandability of the reporting of these arrangements. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities-Non-Monetary Contributions by Venturers*.

- New standard IFRS 12 *Disclosure of Interests in Other Entities*
  Combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.

- New standard IFRS 13 *Fair Value Measurement*
  Defines fair value and sets out a framework for measuring fair value and disclosures about fair value measurements. It applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards could have on future financial statements.

Management of Capital

The Company manages common shares and stock options as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account. Cash consists of cash on hand, balances with banks and investments in highly liquid instruments. The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash and the fair value approximates the carrying value.

Financial Instruments and Related Risks

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; available-for-sale; or other liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	June 30, 2012	December 31, 2011
Cash and Restricted cash	FVTPL	$ 1,832,556	$ 1,000,678
Government deposit and receivable	Loans and Receivables	-	61,310
Trade and other receivables	Loans and Receivables	142,364	85,774
Trade and other payables	Other liabilities	1,530,400	950,024

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash, all receivables and trade and other payables approximate their fair value due to their short-term nature.

Risk Management

The Company's risk exposures and the impact on the Company's financial instruments are summarized as follows:

Credit Risk
Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash, receivables, and balances receivable from the government. The Company limits the exposure to credit risk in its cash by only investing its cash with high-credit quality financial institutions in business and savings accounts, guaranteed investment certificates and in government treasury bills which are available on demand by the Company for its programs.

Liquidity Risk
Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's current financial liabilities anticipated to mature within the next sixty days.

Market Risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

a) Interest Rate Risk: The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risks on cash and short-term investments and on the Company's obligations are not considered significant.

b) Foreign Currency risk: The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The majority of the Company's cash is held in Canada in Canadian (CDN") dollars and the Company expects to continue to raise equity predominantly in Pounds Sterling ("GBP"). The Company conducts its business in Indonesia in Indonesian Rupia ("Rp") with a significant portion of expenditures in that country denominated in United States ("US") dollars and in addition, a portion of the Company's business is conducted in CDN, GBP and the Australia ("AUS") dollar. As such, it is subject to risk due to fluctuations in the exchange rates between the US dollar and each of the Rp, GBP and CDN and AUS dollars. A significant change in the currency exchange rates between the US dollars relative to foreign currencies could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

The Company's exposure to the foreign currency amount in US dollars on financial instruments is as follows:

	As at June 30, 2012			As at December 31, 2011		
	Currency	Foreign currency amount	Amount in US dollars $	*Currency*	Foreign currency amount	Amount in US dollars $
Cash	*CDN*	101,033	99,235	*CDN*	95,111	93,523
	Rp	426,544,650	45,137	-	435,222,560	47,932
Government deposits and receivables	*Rp*	-	-	*Rp*	554,007,438	61,310
Trade and other payables	*CDN*	(3,158)	(3,160)	*CDN*	(980)	(948)
	GBP	(3,209)	(5,002)	*GBP*	(2,916)	(4,812)
	AUD	-	-	*AUD*	-	-
			136,210			197,005

Based upon the above net exposures and assuming that all other variables remain constant, a 10% depreciation of the US dollar against the GBP and CDN and AUS dollars would result in a decrease in the loss of approximately $13,600 in the six-month period ended June 30, 2012, ($19,700 in the year ended December 31, 2011). This sensitivity analysis includes only outstanding foreign currency denominated monetary items.

c) Commodity price risk - While the value of the Company's core mineral resource properties, the KSK CoW and the Jelai IUP, are related to the price of copper and gold and the outlook for these minerals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity based risks in respect of its operational activities.

Historically, gold and copper prices have fluctuated significantly, and are affected by numerous factors outside of the Company's control, including but not limited to: industrial and retail demand; central bank lending; forward sales by producers and speculators; levels of worldwide production; short-term changes in supply and demand because of speculative hedging activities; and other factors related specifically to gold.

Political Uncertainty
In conducting operations in Indonesia, the Company is subject to considerations and risks not typically associated with companies operating in North America. These include risks such as the political, economic and legal environments. Among other things, the Company's results may be adversely affected by changes in the political and social conditions in Indonesia, and by changes in governmental policies with respect to mining laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

Forward Looking Statements

This MD&A contains forward-looking statements that are based on the Company's current expectations and estimates. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such factors include, among others: the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans to continue to be refined; possible variations in ore grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing; and fluctuations in metal prices. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

Additional Disclosure for Venture Issuers without Significant Revenue

The components of exploration costs are described in Note 7 to the condensed consolidated interim financial statements for the six months ended June 30, 2012.

Outstanding Share Data

At June 30, 2012, the authorized share capital comprised $5,000,000 divided into 500,000,000 common shares at a par value of $0.01 each. All issued shares are fully paid.

	Common Shares Issued and Outstanding	**Common Share Purchase Options**
Balance at June 30, 2012 and at the date of this MD&A	171,407,156	6,745,000

Risks and Uncertainties

The Company is subject to risks and challenges similar to other companies in a comparable stage of development. These risks include, but are not limited to, continuing financial losses, dependence on key individuals, and the ability to secure adequate financing to meet minimum capital required to successfully complete its projects and continue as a going concern. These factors should be reviewed carefully.

The discussion of “Risks and Uncertainties” in our MD&A for the year ended December 31, 2011, in addition to the risks noted above in the “Financial Instruments and Related Risks” section, should be given special consideration when evaluating trends, risks and uncertainties relating to the Company’s business.

Other information

Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com and at the Company’s web site www.kalimantan.com.

Kalimantan GOLD Corporation Limited

Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2012 and 2011

(In United States dollars, unless otherwise noted)

(Unaudited)

Notice to Reader

These interim financial statements of Kalimantan Gold Corporation Limited have been prepared by management and approved by the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these interim financial statements, notes to financial statements and the related quarterly Management Discussion and Analysis.

KALIMANTAN GOLD CORPORATION LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(unaudited - expressed in United States dollars, unless otherwise noted)

	Note	June 30, 2012	December 31, 2011
ASSETS			
Current assets			
Cash	*3*	$ 1,832,556	$ 791,511
Restricted cash	*3*	-	209,167
Government deposit and receivable	*4*	-	61,310
Trade and other receivables	*5*	197,307	111,672
		2,029,863	1,173,660
Non-current assets			
Security deposit		24,432	25,055
Property, plant and equipment	*6*	29,423	12,186
		$ 2,083,718	$ 1,210,901
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables	*8*	$ 1,530,400	$ 950,024
		1,530,400	950,024
Non-current liabilities			
Provision for employee service entitlements		95,421	99,198
		1,625,821	1,049,222
Shareholders' equity			
Share capital	*9*	1,674,842	1,621,612
Equity reserves	*9*	25,426,160	24,967,597
Deficit		(26,643,105)	(26,427,530)
		457,897	161,679
		$ 2,083,718	$ 1,210,901
Nature of operations	*1*		

These condensed consolidated interim financial statements are authorized for issue on behalf of the Board of Directors on August 23, 2012.

They are signed on the Company's behalf by:

/s/ Peter Bojtos
Peter Bojtos
Director

/s/ Faldi Ismail
Faldi Ismail
Director

The accompanying notes form an integral part of these condensed consolidated interim financial statements

KALIMANTAN GOLD CORPORATION LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(unaudited - expressed in United States dollars, unless otherwise noted)

		three months ended		six months ended	
	Note	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Expenses					
Accounting and audit		$ 1,573	$ -	$ 8,686	$ 806
Consultants	*10*	79,393	69,581	163,018	141,499
Directors fees	*10*	6,000	6,000	12,000	12,000
Exploration and evaluation expenditures	*7*	44,043	75,152	122,226	250,648
Investor relations		634	467	1,776	1,651
Legal		12,960	11,623	17,198	53,623
Management fees	*7*	(146,771)	(22,367)	(219,978)	(22,367)
Office and administrative services		2,451	6,233	4,407	10,818
Share-based compensation	*9*	13,496	463,250	38,563	463,250
Telephone and facsimile		723	310	1,933	1,780
Transfer agent, filing and exchange fees		47,586	36,647	74,391	69,657
Travel and accommodation		17,481	31,146	17,481	40,730
		79,569	678,042	241,701	1,024,095
Other items					
Foreign exchange gain (loss)		1,783	(3,042)	1,678	(23,168)
Interest income		(518)	(151)	(27,804)	(309)
		1,265	(3,193)	(26,126)	(23,477)
Loss and comprehensive loss for the period		$ 80,834	$ 674,849	$ 215,575	$ 1,000,618
Basic and diluted loss per common share		$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)
Weighted average number of shares outstanding		168,901,661	164,445,618	167,164,062	163,680,637

The accompanying notes form an integral part of these condensed consolidated interim financial statements

KALIMANTAN GOLD CORPORATION LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(unaudited - expressed in United States dollars, unless otherwise noted)

	six months ended	
	June 30, 2012	June 30, 2011
Cash provided from (used for):		
Operating activities		
Loss for the period	$ (215,575)	$ (1,000,618)
Adjustment for non-cash items:		
Depreciation	4,022	16,699
Share-based compensation	38,563	463,250
Unrealized foreign exchange (gain) loss	(8,085)	23,115
Changes in non-cash working capital:		
Trade and other receivables	(24,325)	(223,937)
Trade and other payables	580,376	(51,125)
Provision for employee service entitlements	-	(4,858)
	374,976	(777,474)
Investing activities		
Purchase of property, plant and equipment	(21,259)	(9,946)
Restricted cash	209,167	-
	187,908	(9,946)
Financing activities		
Share issues	480,000	1,360,442
Share issue costs	(6,770)	(19,914)
	473,230	1,340,528
Unrealized foreign exchange gain (loss) on cash	4,931	(20,443)
Increase in cash	1,041,045	532,665
Cash, beginning of the period	791,511	306,156
Cash, end of the period	$ 1,832,556	$ 838,821

The accompanying notes form an integral part of these condensed consolidated interim financial statements

KALIMANTAN GOLD CORPORATION LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(unaudited - expressed in United States dollars, unless otherwise noted)

	Number of shares		Amount		Equity reserves		Deficit		Total
Balance, December 31, 2010	162,907,156	$	1,599,564	$	24,063,393	$	(25,005,300)	$	657,657
Share issues	2,500,000		25,000		338,939		-		363,939
Share issue costs	-		-		-		-		-
Share-based compensation	-		-		463,250		-		463,250
Loss and comprehensive loss for the perod	-		-		-		(1,000,618)		(1,000,618)
Balance, June 30, 2011	165,407,156	$	1,624,564	$	24,865,582	$	(26,005,918)	$	484,228
Balance, December 31, 2011	165,407,156	$	1,621,612	$	24,967,597	$	(26,427,530)	$	161,679
Share issues	6,000,000		60,000		420,000		-		480,000
Share issue costs	-		(6,770)		-		-		(6,770)
Share-based compensation	-		-		38,563		-		38,563
Loss and comprehensive loss for the perod	-		-		-		(215,575)		(215,575)
Balance, June 30, 2012	171,407,156	$	1,674,842	$	25,426,160	$	(26,643,105)	$	457,897

The accompanying notes form an integral part of these condensed consolidated interim financial statements

1. NATURE OF OPERATIONS

Kalimantan Gold Corporation Limited (the "Company" or "Kalimantan Gold") is a publicly listed company incorporated under the laws of Bermuda. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") and the Alternative Investment Market ("AIM") of the London Stock Exchange. The Company's principal business activities include the acquisition, exploration and development of mineral properties. The address of the Company in Canada is Unit 1 – 15782 Marine Drive, White Rock, British Columbia, Canada V4B 1E6. The condensed consolidated interim financial statements of the Company as at and for the period ended June 30, 2012, comprise the Company and its subsidiaries. The Company is the ultimate parent. The Company's principal mineral property interests are the KSK Contract of Work and the Jelai Gold projects which are both located in Indonesia.

The Company is in the process of exploring its Kalimantan mineral property interests and has not yet determined whether any of its properties contain mineral reserves that are economically recoverable. The recoverability of the amounts spent for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. Management believes that the Company's cash on hand at June 30, 2012, is sufficient to fund exploration activities and operations through the next twelve months. The Company's ability to continue on a going concern basis beyond the next twelve months depends on its ability to successfully raise additional financing for continued operations and for the substantial capital expenditures required to achieve planned principal operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance and conversion to International Financial Reporting Standards

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard IAS 34 – *Interim Financial Reporting* ("IAS 34").

b) Basis of preparation and consolidation

The unaudited condensed consolidated interim financial statements, prepared in conformity with IAS 34, follow the same accounting principles and methods of application as the most recent annual consolidated financial statements. Since the unaudited condensed consolidated interim financial statements do not include all disclosures required by the International Financial Reporting Standards ("IFRS") for annual financial statements, they should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2011.

c) Functional and presentation currency

The unaudited condensed consolidated interim financial statements are presented in United States dollars. The functional currency of the Company and its subsidiaries is the United States dollar.

d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IAS 34 requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Estimated useful lives of property, plant and equipment

The estimated useful lives of property, plant and equipment which are included in the consolidated statements of financial position will impact the amount and timing of the related depreciation included in profit and loss.

Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Provision for employee service entitlements

The provision for employee service entitlements estimation is based upon several actuarial inputs, assumptions, calculations, and estimates using the projected unit credit actuarial valuation method. Because the actuarial model requires the input of highly subjective assumptions, including interest rates, retirement dates, and mortality rates, changes in subjective input assumptions can materially affect the provision estimate.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Determination of functional currency

In accordance with IAS 21, "*The Effects of Changes in Foreign Exchange Rates*" management determined that the functional currency of the Company and all of its subsidiaries is the United States dollars.

e) New standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of June 30, 2012, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a material effect on the financial statements of the Company.

(i) Effective for annual periods beginning on or after July 1, 2012

- Amendments to IAS 1 *Presentation of Financial Statements*
  To require companies preparing financial statements under IFRS to group items within OCI that may be reclassified to the profit and loss. The amendments also reaffirm existing requirements

(unaudited - expressed in United States dollars, unless otherwise noted)

that items in OCI and profit and loss should be presented as either a single statement or two consecutive statements.

(ii) Effective for annual periods beginning on or after January 1, 2013

- Amendments to IAS 27 and IAS 28 *Separate Financial Statements and Investments in Associates and Joint Ventures*
  Addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

- New standard IFRS 9 *Financial Instruments*
  Partial replacement of IAS 39 *Financial Instruments: Recognition and Measurement*

- New standard IFRS 10 *Consolidated Financial Statements*
  Provides a new single consolidation model that identifies control as the basis for consolidation for all types of entities, and replaces IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation – Special Purpose Entities*.

- New standard IFRS 11 *Joint Arrangements*
  Improves the accounting for joint arrangements by introducing a principle-based approach that requires a party to a joint arrangement to recognize its rights and obligations arising from the arrangement. Such a principle-based approach will provide users with greater clarity about an entity's involvement in its joint arrangements by increasing the verifiability, comparability and understandability of the reporting of these arrangements. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities-Non-Monetary Contributions by Venturers*.

- New standard IFRS 12 *Disclosure of Interests in Other Entities*
  Combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.

- New standard IFRS 13 *Fair Value Measurement*
  Defines fair value and sets out a framework for measuring fair value and disclosures about fair value measurements. It applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards could have on future financial statements.

3. CASH and RESTRICTED CASH

	As at June 30, 2012	As at December 31, 2011
Canadian denominated cash held in Canada	$ 99,235	$ 93,523
US dollar denominated cash held in Canada	535,398	321,853
Cash held in Indonesia	66,296	68,525
Restricted cash held in Indonesia	-	(209,167)
Cash held in Canada and Indonesia exclusively for use on joint venture projects	1,131,627	516,777
Cash	$ 1,832,556	$ 791,511
Restricted cash held in Indonesia	$ -	$ 209,167

(unaudited - expressed in United States dollars, unless otherwise noted)

Restricted cash in Indonesia was the subject of a temporary hold restriction, which was removed in January 2012.

4. GOVERNMENT DEPOSIT AND RECEIVABLE

	As at June 30, 2012	As at December 31, 2011
Current deposits paid to file tax appeals	$ -	$ 61,310
Total	$ -	$ 61,310

During 2008 the Indonesian tax authorities conducted audits of the Company's Indonesian subsidiaries and in 2009 delivered assessments on several levels of withholding tax, employee withholding tax, corporate income tax and value added tax for the 2006 and 2007 tax years. The Company paid deposits in Rupiah to have the tax appeals heard. The Company has confirmation that the appeals were in all cases successful, with the exception of one immaterial case that resulted in a deduction of less than $1,000 from the deposits paid back to the Company.

5. TRADE AND OTHER RECEIVABLES

	As at June 30, 2012	As at December 31, 2011
Amounts receivable – employee advances	$ 16,845	$ 20,352
Amounts receivable – JV partner employee advances	45,744	-
Amounts receivable – other receivables including VAT	69,616	65,422
Amounts receivable – JV partner other receivables	10,159	-
Amounts receivable – prepayments	16,922	25,898
Amounts receivable – JV partner prepayments	38,021	-
Total	$ 197,307	$ 111,672

6. PROPERTY, PLANT AND EQUIPMENT

The following is a reconciliation of the carrying amounts of property, plant and equipment, all located in Indonesia.

	Balance as of December 31, 2011	Additions	Recoveries	Balance as of June 30, 2012
At cost:				
Property, plant and equipment	$ 422,716	$ 47,990	$ (26,731)	$ 443,975
Accumulated depreciation:				
Property, plant and equipment	410,530	$ 4,022	$ -	414,552
Net book value	$ 12,186			$ 29,423

(unaudited - expressed in United States dollars, unless otherwise noted)

7. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation assets comprise the KSK Contract of Work (the "KSK CoW") porphyry copper prospect in Central Kalimantan and an Izin Usaha Pertambangan ("IUP") for the Jelai gold project in East Kalimantan.

	For the three months ended		For the six months ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
KSK CoW				
Exploration costs during the period:				
Community development	$ 128,434	$ 36,166	$ 229,228	$ 54,166
Consultants and contractors	241,766	53,349	366,966	57,358
Contracted drilling	211,495	-	244,695	-
Field support	238,467	101,140	283,090	104,325
Land tax and dead rent	241	-	7,706	-
Salaries, wages and related costs	296,728	143,101	471,463	181,392
Sample preparation and analysis	35,902	-	44,402	-
Supplies and equipment	259,948	3,917	312,177	12,187
Taxation	159,954	46,072	222,134	63,356
Transport (including helicopters)	612,879	-	627,585	-
Travel and accommodation	48,504	44,103	74,322	63,981
	2,234,318	427,848	2,883,768	536,765
Depreciation	528	869	1,097	1,569
Current period exploration	2,234,846	428,717	2,884,865	538,334
Recovery from Freeport	(2,203,937)	(397,571)	(2,832,852)	(447,346)
Current period net exploration	30,909	31,146	52,013	90,988
Jelai				
Exploration costs during the period:				
Community development	$ 2,108	$ 7,083	$ 4,125	$ 17,782
Consultants and contractors	39,121	-	46,214	-
Contracted drilling	134,578	-	153,653	-
Field support	27,487	4,190	45,122	4,487
Land tax and dead rent	392	-	1,641	-
Road and bridge repairs	-	174	-	249
Salaries, wages and related costs	238,746	15,736	372,822	71,137
Sample preparation and analysis	20,322	-	20,322	-
Supplies and equipment	123,783	29	164,004	7,387
Taxation	25,846	705	85,574	11,128
Transport (including helicopters)	-	-	-	-
Travel and accommodation	21,986	4,667	31,601	14,084
	634,369	32,584	925,078	126,254
Depreciation	1,947	4,600	2,925	14,313
Current period exploration	636,316	37,184	928,003	140,567
Recovery from Tigers	(623,182)	-	(857,790)	-
Current period net exploration	13,134	37,184	70,213	140,567
Project investigations				
Consultants and contractors	-	-	-	-
Drilling	-	-	-	-
Field support	-	942	-	4,585
Road and bridge repairs	-	554	-	644
Salaries, wages and related costs	-	3,260	-	9,533
Taxation	-	263	-	748
Transport (including helicopters)	-	1,456	-	2,766
	-	6,475	-	18,276
Depreciation	-	347	-	817
Current period exploration	-	6,822	-	19,093
Total current period exploration	44,043	75,152	122,226	250,648
Cumulative exploration expenditures included in the deficit, beginning of the period	20,415,321	20,112,969	20,337,138	19,937,473
Cumulative exploration expenditures included in the deficit, end of the period	$ 20,459,364	$ 20,188,121	$ 20,459,364	$ 20,188,121

(unaudited - expressed in United States dollars, unless otherwise noted)

7. EXPLORATION AND EVALUATION ASSETS (continued)

On April 18, 2011, the Company entered into a joint venture agreement (the “Agreement”) with a wholly-owned subsidiary of Freeport-McMoRan Exploration Corporation (“Freeport”) in relation to the KSK CoW as described in the financial statements for the year ended December 31, 2011.

During the Initial Period of the Agreement, KSK is the operator of the exploration program, and the Company earns a 3%-5% management fee on all expenditures incurred on the KSK CoW pursuant to the Agreement. During the six months ended June 30, 2012, the Company earned management fees of $133,684 (2011 - $22,637) pursuant to the Agreement.

On February 16, 2011, the Company executed an option agreement (the “Deed”) with Tigers Realm Metals Pty Ltd. (“Tigers”) in relation to the Jelai gold project as described in the financial statements for the year ended December 31, 2011.

Pursuant to the Deed, the Company earns a management fee from Tigers. During the six months ended June 30, 2012, the Company earned management fees of $86,294 (2011 - $nil) pursuant to the Deed.

8. TRADE AND OTHER PAYABLES

Falling due within the next twelve months	As at June 30, 2012	As at December 31, 2011
Trade and other payables	$ 176,903	$ 330,040
Trade and other payables in Indonesia to be paid with cash held for use on joint venture projects	1,110,446	343,742
Working capital held in excess of KSK-CoW and Jelai IUP expenditures	131,539	199,929
Trade and other payables owed to related parties	111,512	76,313
Total	$ 1,530,400	$ 950,024

9. SHARE CAPITAL AND RESERVES

a) Authorized share capital

At June 30, 2012, and December 31, 2011, the authorized share capital comprised $5,000,000 divided into 500,000,000 common shares at a par value of $0.01 each. All issued shares are fully paid. At June 30, 2012, the issued share capital comprised 171,407,156 common shares (December 31, 2011 – 165,407,156).

b) Issued share capital

A summary of changes in share capital and reserves is contained in the Condensed Consolidated Interim Statement of Changes in Equity, for the six month periods ended June 30, 2012, and 2011.

On May 10, 2012, the Company issued 6,000,000 common shares pursuant to a private placement for gross proceeds of $480,000. The Company incurred issue costs of $6,770.

(unaudited - expressed in United States dollars, unless otherwise noted)

9. SHARE CAPITAL AND RESERVES *(continued)*

c) Stock Options

The continuity of stock options for the six month period ended June 30, 2012, is as follows:

Expiry date	*Exercise price Cdn $*	Balance, December 31, 2011	Granted	Exercised	Expired / Cancelled	Balance, June 30, 2012
April 25, 2012	*$ 0.35*	1,360,000	-	-	(1,360,000)	-
January 23, 2013	*$ 0.20*	50,000	-	-	-	50,000
April 1, 2013	*$ 0.20*	50,000	-	-	-	50,000
July 25, 2013	*$ 0.11*	1,370,000	-	-	-	1,370,000
April 21, 2016	*$ 0.11*	4,875,000	-	-	-	4,875,000
June 17, 2016	*$ 0.12*	200,000	-	-	-	200,000
July 4, 2016	*$ 0.07*	200,000	-	-	-	200,000
		8,105,000	-	-	(1,360,000)	6,745,000
Weighted average exercise price Cdn$		$ 0.15	$ -	$ -	$ 0.35	$ 0.11

The weighted average remaining contractual life of the options outstanding as at June 30, 2012, was 3.2 years. All but 500,000 of the options are exercisable at June 30, 2012. The 500,000 options will vest and be exercisable by the holder on October 21, 2012.

d) Stock-based Compensation

During the six month period ended June 30, 2012, the Company recorded $38,563 (2011 - $463,250) in non-cash stock-based compensation expense for options vesting in the period.

10. RELATED PARTY TRANSACTIONS

a) The Company's related parties consist of companies owned by executive officers and directors as follows:

Name	**Nature of transactions**
Golden Oak Corporate Services Limited ("Golden Oak")	Financial reporting and corporate compliance services
Romfal Corporate Pty Ltd. ("Romfal")	Chief Executive Officer

The Company incurred the following fees in the normal course of operations in connection with companies owned by key management and directors.

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Consulting fees – Golden Oak (CFO's company)	$ 29,537	$ 24,146	$ 58,906	$ 44,546
Consulting fees – Romfal (CEO's company)	15,000	4,600	30,000	4,600
Total	$ 44,537	$ 28,746	$ 88,906	$ 49,146

(unaudited - expressed in United States dollars, unless otherwise noted)

10. RELATED PARTY TRANSACTIONS *(continued)*

b) Compensation of key management personnel:

The remuneration of directors and other members of key management personnel, including amounts disclosed in Note 10(a), during the three and six month periods ended June 30, 2012, and 2011 were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Consulting fees	$ 44,537	$ 28,746	$ 88,906	$ 49,146
Salaries, wages and related costs (exploration and evaluation expenditures)	62,143	52,857	124,286	103,343
Directors fees to non-management directors	6,000	6,000	12,000	12,000
Share-based compensation	13,496	336,924	38,563	336,924
Total	$ 126,176	$ 424,527	$ 263,755	$ 501,413

11. SEGMENT DISCLOSURES

IFRS 8 “Operating Segments” requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the chief operating decision-maker to allocate resources to the segments and to assess their performance.

The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments, has been defined as the Chief Executive Officer.

The Company operates in a single segment, being mineral exploration and development.

With the exception of the majority of its cash, all of the Company’s significant assets are held in Indonesia.