KALIMANTAN GOLD CORPORATION LIMITED

First Quarter Report

For the three months ended March 31, 2011

KALIMANTAN GOLD CORPORATION LIMITED

Management Discussion and Analysis

(expressed in US dollars)

For the three months ended March 31, 2011

Kalimantan Gold Corporation Limited
MANAGEMENT DISCUSSION AND ANALYSIS
For the three months ended March 31, 2011

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 interim consolidated financial statements for the three months ended March 31, 2011 and related notes therein and with the audited consolidated financial statements for the year ended December 31, 2010, and 2009, all of which are available at the SEDAR web site at www.sedar.com.

On January 1, 2011 the Company adopted International Financial Reporting Standards ("IFRS"). The unaudited condensed interim consolidated financial statements for the three months ended March 31, 2011 and March 31, 2010 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, and used accounting policies consistent with IFRS.

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

The effective date of this MD&A is June 28, 2011.

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 epithermal gold prospect in East Kalimantan; and a Contract of Work (the "KSK COW") in Central Kalimantan with multiple porphyry copper and gold prospects.

The highlights for the three months ended March 31, 2011 and up to the date of this report include:

- KSK COW: Freeport joint venture signed April 18, 2011
- Freeport private placement of 2,500,000 common shares for proceeds of C$350,000 closed on May 6, 2011
- Jelai Gold project – Tigers Realm joint venture signed February 16, 2011
- Faldi Ismail was appointed as Deputy Chairman and Chief Executive Officer to replace Rahman Connelly in that position on April 21, 2011

The signing of a joint venture agreement (the "Agreement") with a wholly owned subsidiary of Freeport-McMoRan Exploration Corporation ("Freeport") in relation to the Company's KSK COW copper project on April 18, 2011, and the signing of an option agreement with Tigers Realm Minerals Pty Ltd. an Australian based, privately owned resources company on February 16, 2011, was the culmination of the efforts of the Company in all of 2010.

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.

The Agreement with Freeport formalizes the terms of the non-binding term sheet announced on December 13, 2010, with at that time an unidentified major copper mining company. Pursuant to the Agreement Freeport can earn a 51% joint venture interest in the KSK COW by expending a minimum of $7,000,000 on a substantial exploration program over three years and then earn a further 24% (total 75%) by sole funding the completion of a feasibility study 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 the KSK COW to the other participant in consideration of a 1% net smelter return ("NSR") royalty. If Freeport terminates the option before a decision to mine is made Freeport will exchange any interest it has earned for a 1% NSR royalty capped at its investment to that date.

The first phase $7,000,000 expenditure must include an expenditure of not less than $3,000,000 in the first year of which $500,000 must be spent on (i) delineation drilling at Beruang Kanan and (ii) drill testing of each of the deep Beruang Tengah, Beruang Kanan and Tambang Huoi prospects (i.e. a minimum of one drill hole on each such prospect). Preparations to mobilise a drilling team to commence testing the major porphyry copper targets the Company has identified on the KSK COW are well advanced.

As previously described, the main focus of the exploration program will be drill testing the deeper porphyry copper targets that have been identified on the KSK COW. Recent 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. The Company will be the operator during this initial phase under the direction of Freeport.

On December 2, 2010, the Company signed a binding letter of intention ("LOI") with Tigers Realm Minerals Pty Ltd. ("Tigers") an Australian based, privately owned resources company whereby Tigers may earn up to a 70% interest in the Company's Jelai gold Project by meeting certain project expenditure obligations and completing a bankable feasibility study ("BFS").

On February 16, 2011, the Company and Tigers executed a definitive option agreement (the "Deed"). The Deed was conditional upon the term of the Izin Usaha Pertambangan ("IUP") granted by Bupati Bulungan of the Republic of Indonesia in respect of land near the village of Tenggiling in the Regency of Bulungan, Province of East Kalimantan being extended to at least June 2, 2015, and forestry permits being granted as necessary to enable the on-ground activities to be conducted. The IUP has been extended to June 2, 2015, and the forestry permits are expected to be issued shortly. Tigers has extended the period for the fulfillment of this condition until August 16, 2011.

Tigers can incrementally earn up to a 70% interest in Jelai by spending $6,000,000 by June 2, 2015, with the first $2,000,000 within 18 months after the conditions are met, being an obligation. If Tigers does not complete the BFS by the IUP expiry date, its interest earned in Jelai will convert to a royalty capped at two times its investment in the Jelai project.

Immediately following receipt of the forestry permits, Tigers expect to commence site preparation work for their proposed initial drill programme. This will be aimed at increasing the existing mineralized deposit at Jelai and testing the prioritised targets in the highly mineralised epithermal vein system.

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 Gold Project in East Kalimantan consists of 12 prospects. One of those, the Mewet prospect, is in advanced exploration with 126 holes drilled over nearly 14,000 meters confirming the potential to yield a major epithermal gold deposit, comparable in scale to the Vera Nancy mine in Australia, which has produced 2.3 million ounces to date. It is a low-sulphidation epithermal precious metal system consisting of at least seven major veins and numerous subsidiary veins with a cumulative strike length of more than five kilometers. Drilling to date has discovered at least five potential ore shoots within the restricted strike length that has been explored.

Interpretation of mineral textures in the veins and comparison with models for low-sulphidation epithermal systems suggests that the current level of exposure is near the top of the precious metal zone. Previous drilling on the Mewet shoot indicates that the vein becomes thicker with depth and that the mineralization extends over at least 200 meters vertically.

Qualified Person

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

Aim Rule 26

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

Management change

On April 21, 2011, the board of directors of the Company appointed Faldi Ismail to the post of Deputy Chairman and Chief Executive Officer to replace Rahman Connelly in that position.

Mr. Connelly successfully negotiated joint venture agreements on the Company's two main assets – the Jelai Gold project and the KSK COW. The Company is very grateful to Mr. Connelly for his time and efforts over his tenure in this position and is glad of his willingness to stay on as a director and remain involved with the Company.

Mr. Ismail joined the Company as a director in September 2009. Mr. Ismail has specialised in the restructure and recapitalisation of a wide range of Australian Securities Exchange ("ASX") listed companies. He has also been instrumental in establishing a number of new listings on the ASX (with a specific focus in the resources sector) and has been very active in the Indonesian resources sector over the past years. Mr. Ismail, like Mr. Connelly, resides in Australia where he is currently a director of several ASX-Listed resource companies. Mr. Ismail's energy will be called upon to guide the Company through this next new and exciting phase of the Company's life of investigating new property and acquisition opportunities while overseeing the management of the work programs on the Company's Jelai Gold project by Tigers and the KSK COW porphyry copper/gold project by Freeport.

Since assuming the role of CEO, Mr. Ismail has increased his ownership of the Company by purchasing 1,000,000 common shares of KLG in the market so that his total position in KLG is now 4,430,000 shares (2.7% of the Company).

Results of operations

Results of operations for the three months ended March 31, 2011

Kalimantan Gold previously prepared its consolidated financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") as set out in the Handbook of the Canadian Institute of Chartered Accountants (the "CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate IFRS, and require publicly accountable enterprises to apply such standards effective for periods beginning on or after January 1, 2011. Accordingly, the accounting policies adopted in the preparation of our first unaudited condensed consolidated interim financial statements have been prepared on the basis of IFRS, which is mandatory for financial years beginning on or after January 1, 2011. The comparative balances at March 31, 2010, and the year ended December 31, 2010, have been reconciled with the result that there were no significant differences identified between Canadian GAAP and IFRS for the Company.

The Company incurred a loss for the three months ended March 31, 2011 of $325,769 (2010 - $265,203).

The more significant differences between the two three month periods were consulting fees, exploration costs and legal fees.

Consulting fees were $71,918 compared to $60,421. By mutual agreement Mr. Connelly's fees had been reduced in the three months ended March 31, 2010, to $2,900 a month and in the three months ended March 31, 2011, they had been restored to $5,400 a month. This resulted in a $7,500 difference between the two periods. The remaining difference relates to exchange rate differences in the Canadian dollar denominated fees paid to Golden Oak Corporate Services Ltd. for financial reporting and corporate compliance services and the Australian dollar denominated fees paid to RFC Corporate Finance Limited, the Company's nominated advisor for the purpose of the AIM Rules.

Exploration costs in the three months ended March 31, 2011 were $175,496 (2010 - $156,241). The current period fees are net of $49,775 costs on the KSK COW that will be recovered from Freeport so that the actual costs were $225,271. It is expected that the Company's share of exploration costs on both the KSK COW and the Jelai will decrease significantly as Freeport funds the KSK COW costs and Tigers funds the Jelai costs going forward.

Legal fees were $42,000 in the three months ended March 31, 2011 (2010 - $2,755). The increase was the cost to formalize the agreements with Freeport and Tigers on the KSK COW and Jelai projects respectively. These costs are expected to return to normal levels in the second half of the year unless the Company acquires another project.

All other expenditures changed less significantly.

Summary of quarterly results

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

	3 months ended March 31, 2011 US$	3 months ended December 31, 2010 US$	3 months ended September 30, 2010 US$	3 months ended June 30, 2010 US$	3 months ended March 31, 2010 US$	3 months ended Dec. 31, 2009 US$	3 months ended September 30, 2009 US$	3 months ended June 30, 2009 US$
Total revenues	-	-	-	-	-	-	-	-
Loss for the quarter	(325,769)	(442,281)	(245,567)	(225,665)	(265,203)	(414,229)	(364,064)	(274,146)
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 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.

Liquidity

The Company began the current fiscal year with $306,156 cash. The Company used $646,430 to fund operations, expended $6,770 for the purchase of field equipment and received $976,589 of share proceeds (net of commission) for shares issued in 2010 but not paid until January 13, 2011, to end the quarter with $629,545 cash.

The Company has sufficient funds to meet corporate overhead expenditures for the next twelve months however, additional equity financings, asset disposals or joint venture agreements will be required to develop the Company's mineral properties. While the Company has been successful in raising the necessary funds in the past, there can be no assurance it can continue to do so in the future.

Capital Resources

At the date of this MD&A, the Company has 9,100,000 stock options outstanding. Upon an increase in the Company's share price and volume traded the stock options would be expected to be exercised and would contribute additional cash to the treasury.

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

Contingency

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 outcome of the tax assessments is not determinable. The Company believes the tax assessments are without basis and the Company has paid deposits of $57,290 in order to be permitted to file the appeals which amount is included in Government deposits and receivables of $61,618. Should the tax appeals not be successful the Company may owe up to $200,000 to the Government.

Transactions with related parties

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	Consulting and administrative

In the three months ended March 31, 2011, the Company paid or accrued consulting fees to Golden Oak of $20,400 (2010 - $18,030). Golden Oak is the wholly owned company of Doris Meyer, Chief Financial Officer and a Director of the Company.

b) The remuneration of directors and other members of key management personnel, including the fees paid to Golden Oak, during the three months ended March 31, 2011, were $76,886 (2010 - $49,873). There were no stock options granted in either period.

Future Canadian Accounting Standards:

A number of new standards, amendments to standards and interpretations are not yet effective as of March 31, 2011, and were not applied in preparing the consolidated condensed interim financial statements. None of these are expected to have a material effect on the financial statements of the Company.

i. Financial instruments disclosure

In October 2010, the IASB issued amendments to IFRS 7 – Financial Instruments: Disclosures that improve the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The

Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

ii. Income taxes

In December 2010, the IASB issued an amendment to IAS 12 – Income taxes that provide a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

iii. Joint Ventures

The IASB issued Exposure Draft 9 – Joint Arrangements ("ED-9") in September 2007. ED-9 proposed to eliminate the Company's choice to proportionately consolidate jointly controlled entities and required such entities to be accounted for using the equity method. During the second quarter of 2009, the IASB commenced re-deliberations of ED-9 and now proposes to establish a principles-based approach to the accounting for joint arrangements which focuses on the nature, extent and financial effects of the activities that an entity carries out through joint arrangements and its contractual rights and obligations to assets and liabilities, respectively, of the joint arrangements. The IASB plans on publishing the final standard during the first half of 2011, with an anticipated effective date of January 1, 2013. The Company is currently evaluating the impact that ED-9 and the final standard are expected to have on its consolidated financial statements.

iv. Consolidation

On September 29, 2010, the IASB posted a staff draft of a forthcoming IFRS on consolidation. The staff draft reflects tentative decisions made to date by the IASB with respect to the IASB's project to replace current standards on consolidation, IAS 27 – Consolidated and Separate Financial Statements and SIC-12, with a single standard on consolidation. The IASB plans on publishing the final standard on consolidation during the first half of 2011, with an anticipated effective date of January 1, 2013. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

v. Financial Instruments

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39, and is effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. In November 2009 and October 2010, phase 1 of IFRS 9 was issued and amended respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified and subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities classified as FVTPL, financial guarantees and certain other exceptions. The IASB has issued exposure drafts addressing impairment of financial instruments, hedge accounting and the offsetting of financial assets and liabilities, with comments due in March and April of 2011. The complete IFRS 9 is anticipated to be issued during the second half of 2011. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements

Financial Instruments and related risks

The Company's financial instruments consist of cash, trade receivables, deposits and trade accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash. The Company places its cash with high quality financial institutions, thereby minimizing exposure for deposits in excess of federally insured amounts. The Company believes that credit risk associated with cash is remote.

In conducting business, the principal risks and uncertainties faced by the Company centre on exploration and development, resource and commodity prices and market sentiment.

The prices of resource and commodity markets fluctuate significantly and are affected by many factors outside of the Company's control. The relative prices of metals and minerals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and resource exploration companies. The Company relies on equity financing for its working capital requirements and to fund its exploration programs. There is no assurance that such financing will be available to the Company, or that it will be available on acceptable terms.

Forward looking statements

This MD&A contains certain forward-looking statements related to, among other things, expected future events, future spending levels and the future financial and operating results of the Company. Forward-looking statements are encouraged to enhance communication but are subject to inherent risks and uncertainties including but not limited to, market and general economic conditions, changes arising as drilling results are received, changes in regulatory environments affecting the Company and the availability and terms of subsequent financings. Other risks and uncertainties are detailed below. Consequently, actual results and events may differ materially from those included in, contemplated or implied by such forward looking statements for a wide variety of reasons.

Risks

Mineral exploration is subject to a high degree of risk, which a combination of experience, knowledge, and careful evaluation may fail to overcome. Exploration activities seldom result in the discovery of a commercially viable mineral resource. Exploration activities are also expensive. The Company will therefore require additional financing to carry on its business and such financing may not be available when it is needed.

Additional disclosure for Venture Issuers without significant revenue

The components of exploration costs are described in note 5 to the consolidated condensed interim financial statements for the three months ended March 31, 2011.

Outstanding share data

Authorized share capital $5,000,000 divided into 500,000,000 common shares at a par value of $0.01 each.

	Common Shares Issued and Outstanding	**Common Share Purchase Options**
Balance March 31, 2011	162,907,156	4,225,000
Private placement – Freeport	2,500,000	-
Stock options granted	-	4,875,000
Balance the date of this MD&A	165,407,156	9,100,000

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

(unaudited)

Three months ended

March 31, 2011 and 2010

(In United States dollars, unless otherwise noted)

Notice to Reader

These interim financial statements of Kalimantan Gold Corporation Limited have been prepared by management and approved by the Audit Committee of the Board of Directors of the Company.

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

	Note	March 31, 2011	December 31, 2010 (Note 17)	January 1, 2010 (Note 17)
ASSETS				
Current assets				
Cash		$ 629,545	$ 306,156	$ 481,004
Share subscription receivable	7	-	997,595	-
Trade and other receivables	6	133,383	30,427	109,045
		762,928	1,334,178	590,049
Security deposit	5	25,636	25,165	24,414
Government deposit and receivable	14	61,618	61,618	-
Property, plant and equipment	4	20,855	24,968	66,169
		$ 871,037	$ 1,445,929	$ 680,632
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Trade and other payables	10	$ 458,163	$ 708,578	$ 523,053
Promissory note		-	-	95,147
		458,163	708,578	618,200
Non-current liabilities				
Provision for employee service entitlements	9	80,986	79,694	55,346
		539,149	788,272	673,546
Shareholders' equity				
Share capital	7	1,599,564	1,599,564	1,305,964
Equity reserves	7	24,063,393	24,063,393	22,527,806
Deficit		(25,331,069)	(25,005,300)	(23,826,684)
		331,888	657,657	7,086
		$ 871,037	$ 1,445,929	$ 680,632

Nature of operations and going concern	1
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These consolidated interim financial statements are authorized for issue by the Board of Directors on June 27, 2011.

They are signed on the Company's behalf by:

/s/ Peter Bojtos
Peter Bojtos
Director

/s/ Rahman Connelly
Rahman Connelly
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	Note	March 31, 2011	March 31, 2010 (Note 17)
Expenses			
Accounting and audit		$ 806	$ 4,618
Consultants	8	71,918	60,421
Directors fees	8	6,000	6,000
Exploration costs	5	175,496	156,241
Investor relations		1,184	1,628
Legal		42,000	2,755
Office and administrative services		4,585	5,009
Telephone and facsimile		1,470	1,414
Transfer agent, filing and exchange fees		33,010	21,220
Travel and accommodation		9,584	6,107
		346,053	265,413
Other items			
Foreign exchange gain		(20,126)	(199)
Interest income		(158)	(11)
		(20,284)	(210)
Loss and comprehensive loss for the period attributable to shareholders of the Company		$ 325,769	$ 265,203
Basic and diluted loss per common share		$ (0.00)	$ (0.00)
Weighted average number of shares outstanding		162,907,156	133,547,156

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)

Three months ended	Note	March 31, 2011	March 31, 2010 (Note 17)
Cash provided from (used for):			
Operating activities			
Loss for the period		$ (325,769)	$ (265,203)
Adjustment for non-cash items:			
Depreciation		10,883	11,463
Unrealized foreign exchange loss		1,913	2,772
Changes in non-cash working capital:			
Trade and other receivables		(102,956)	(18,081)
Trade and other payables		(230,501)	(42,128)
Provision for employee service entitlements		-	(5,935)
		(646,430)	(317,112)
Investing activities			
Purchase of property, plant and equipment		(6,770)	(172)
		(6,770)	(172)
Financing activities			
Share subscriptions received	7	996,503	-
Share issue costs	7	(19,914)	-
		976,589	-
Increase (decrease) in cash		323,389	(317,284)
Cash, beginning of period		306,156	481,004
Cash, end of period		$ 629,545	$ 163,720
Supplemental disclosure with respect to cash flows	7		

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	Reserves	Deficit	Total
Balance, January 1, 2010	133,547,156	$ 1,305,964	$ 22,527,806	$(23,826,684)	$ 7,086
Net loss and comprehensive loss	-			(265,203)	(265,203)
Balance, March 31, 2010	133,547,156	1,305,964	22,527,806	(24,091,887)	(258,117)
Share issues	29,360,000	293,600	1,535,587		1,829,187
Net loss and comprehensive loss	-			(913,413)	(913,413)
Balance, December 31, 2010	162,907,156	1,599,564	24,063,393	(25,005,300)	657,657
Net loss and comprehensive loss	-	-	-	(325,769)	(325,769)
Balance, March 31, 2011	162,907,156	$ 1,599,564	$ 24,063,393	$(25,331,069)	$ 331,888

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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 ("TSXV") 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, B.C.V4B 1E6. The condensed consolidated interim financial statements of the Company as at and for the period ended March 31, 2011 comprise the Company and its subsidiaries. The Company is the ultimate parent. The Company's principal mineral property interest is 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 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.

The Company will periodically have to raise additional funds to continue operations and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. The operations of the Company will require various licenses and permits from various governmental authorities which are or may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able to comply with such conditions and obtain or retain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects. Failure to comply with these conditions may render the licences liable to forfeiture.

These condensed consolidated financial statements are 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 March 31, 2011, combined with a private placement that closed on May 6, 2011, (Note 16) is sufficient to finance 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 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. BASIS OF PREPARATION

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). The policies applied in these interim financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as at June 27, 2011, the date the Board of Directors approved these interim financial statements for issue. Any subsequent changes to IFRS that are issued and effective as at December 31, 2011, could result in a restatement of these interim financial statements, including the transition adjustments recognized on conversion to IFRS.

2. BASIS OF PREPARATION (continued)

These are the Company's first condensed consolidated interim financial statements prepared in accordance with IFRS and, as a result, IFRS 1, "First-time Adoption of International Financial Reporting Standards," has been applied. Prior to the adoption of IFRS, the Company's financial statements were prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). As these interim financial statements are the Company's first financial statements prepared in accordance with IFRS, disclosure of the elected transition exemptions and reconciliation of accounting policy differences compared to Canadian GAAP have been provided in Note 17.

These interim financial statements should be read in conjunction with the Company's 2010 annual financial statements, which were prepared in accordance with Canadian GAAP, and the IFRS disclosures included in Note 17.

b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis. In addition these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Functional and presentation currency

These interim condensed consolidated financial statements are presented in United States dollars, which is the Company's functional currency.

d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS 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:

Stock options issued with Canadian dollar exercise prices

The fair value of stock options issued with Canadian dollar exercise prices 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 price, changes in subjective input assumptions can materially affect the fair value estimate.

2. BASIS OF PREPARATION (continued)

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim 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 currencies of the Company and all of its subsidiaries are United States dollars.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and all of its subsidiaries. Intra-company balances and transactions, and any unrealized income and expenses arising from intra-company transactions, are eliminated in preparing the consolidated financial statements.

Name of subsidiary	Place of incorporation	proportion of ownership interest	Principal activity
Indokal Limited	Hong Kong	100%	Holding company
PT Pancaran Cahaya Kahaya ("PCK")	Indonesia	100%	Holding company
PT Kalimantan Surya Kencana ("KSK")	Indonesia	100%	Owner of KSK COW
KLG Singapore Private Limited ("KLG SING")	Singapore	100%	Holding company
PT Jelai Cahaya Minerals ("JCM")	Indonesia	100%	Owner of Jelai IUP

b) Foreign currency translation

Transactions in foreign currencies are initially translated to United States dollars, the functional currency of the Company, at exchange rates at the dates of the transactions.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognized in profit or loss.

c) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant, and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are four years.

d) Exploration and evaluation assets

All direct costs related to the acquisition of mineral property interests are capitalized into intangible assets. Exploration and evaluation expenditures incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development is charged to operations as incurred. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves. When there is little prospect of further work on a property being carried out by the Company, the remaining deferred costs associated with that property are charged to operations during the period such determination is made.

The Company has no capitalized intangible assets at this time.

e) Restoration, rehabilitation and environmental obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

A liability is recognized for legal obligations relating to the restoration, rehabilitation and retirement of property, property, plant and equipment obligations arising from the acquisition, construction, development or normal operation of those assets. Such asset retirement costs are recognized at fair value, when a reasonable estimate of fair value can be made, in the period in which the liability is incurred. A corresponding increase to the carrying amount of the related asset where one is identifiable is recorded and amortized over the life of the asset. Where a related asset is not easily identifiable with a liability, the change in fair value over the course of the year is expensed. The amount of the liability is subject to re-measurement at each reporting period. The estimates are based principally on legal and regulatory requirements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

It is possible that the Company's estimate of its ultimate reclamation liabilities could change as a result of changes in regulations; the extent of environmental remediation required or completed and the means of reclamation or changes in cost estimates. Changes in estimates are accounted for prospectively commencing in the period the estimate is revised.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is minimal.

f) Impairment

The carrying amounts of the Company's non-financial assets, other than deferred tax assets if any, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

g) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Financial instruments

(i) Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as FVTPL unless they are designed as effective hedges. Assets in this category include cash and cash equivalents.

Financial assets at FVTPL are initially recognized, and subsequently carried, at fair value with changes recognized in profit or loss. Attributable transaction costs are recognized in profit or loss when incurred.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months or those that are expected to be settled after 12 months from the end of the reporting period, which are classified as non-current assets. Assets in this category include trade and other receivables.

Loans and receivables are initially recognized at fair value plus any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

(iii) Effective interest method

The effective interest method is used to determine the amortized cost of a financial asset and to allocate interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

(iv) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(v) De-recognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all of the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

i) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities may be designated as FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- It forms part of a contract containing one or more embedded derivatives and IAS 39 permits the entire combined contract (asset or liability) to be designated as a FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

At the end of each reporting period subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise. Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

(i) The Company has classified trade and other payables as other financial liabilities; and

(ii) In 2003, the Company started to recognize a provision for Indonesian employee service entitlements in accordance with Indonesia's Labor Law No. 13/2003 dated March 25, 2003 (the "Law") under an assumption that all employees resigned at balance sheet date.

The cost of providing employee benefits under the Law is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for each individual plan at the end of the previous reporting year exceeded 10% of the defined benefit obligation at that date. The provision for employee service entitlements is included in the salary portion of exploration expense.

The Company has classified provision for employee service entitlements as other financial liabilities.

j) Share capital

The Company records proceeds from share issuances net of issue costs. Shares issued for consideration other than cash are valued at the quoted market price on the date the agreement to issue the shares was reached and announced for business combinations and at the date of issuance for other non-monetary transactions.

k) Loss per share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

In the Company's case, diluted loss per share is the same as basic loss per share, as the effect of outstanding share options (see Note 7) on loss per share would be anti-dilutive.

l) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for the differences between expected and actual outcomes.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions.

m) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purpose. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

n) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

o) New standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of March 31, 2011, and have not been applied in preparing these interim condensed consolidated financial statements. None of these are expected to have a material effect on the financial statements of the Company.

i. Financial instruments disclosure

In October 2010, the IASB issued amendments to IFRS 7 – Financial Instruments: Disclosures that improve the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

ii. Income taxes

In December 2010, the IASB issued an amendment to IAS 12 – Income taxes that provide a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

iii. Joint Ventures

The IASB issued Exposure Draft 9 – Joint Arrangements (“ED-9”) in September 2007. ED-9 proposed to eliminate the Company’s choice to proportionately consolidate jointly controlled entities and required such entities to be accounted for using the equity method. During the second quarter of 2009, the IASB commenced re-deliberations of ED-9 and now proposes to establish a principles-based approach to the accounting for joint arrangements which focuses on the nature, extent and financial effects of the activities that an entity carries out through joint arrangements and its contractual rights and obligations to assets and liabilities, respectively, of the joint arrangements. The IASB plans on publishing the final standard during the first half of 2011, with an anticipated effective date of January 1, 2013. The Company is currently evaluating the impact that ED-9 and the final standard are expected to have on its consolidated financial statements.

iv. Consolidation

On September 29, 2010, the IASB posted a staff draft of a forthcoming IFRS on consolidation. The staff draft reflects tentative decisions made to date by the IASB with respect to the IASB’s project to replace current standards on consolidation, IAS 27 – Consolidated and Separate Financial Statements and SIC-12, with a single standard on consolidation. The IASB plans on publishing the final standard on consolidation during the first half of 2011, with an anticipated effective date of January 1, 2013. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

v. Financial Instruments

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”) in its entirety with IFRS 9 – Financial Instruments (“IFRS 9”) in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39, and is effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. In November 2009 and October 2010, phase 1 of IFRS 9 was issued and amended respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified and subsequently measured at amortized cost or at fair value based on the Company’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities classified as FVTPL, financial guarantees and certain other exceptions. The IASB has issued exposure drafts addressing impairment of financial instruments, hedge accounting and the offsetting of financial assets and liabilities, with comments due in March and April of 2011. The complete IFRS 9 is anticipated to be issued during the second half of 2011. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements

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

4. PROPERTY, PLANT AND EQUIPMENT

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

		Office and field equipment
Cost		
At January 1, 2010	$	411,144
Assets acquired		1,626
At December 31, 2010		412,770
Assets acquired		6,770
At March 31, 2011	$	419,540
Accumulated depreciation		
At January 1, 2010	$	344,975
Depreciation for the period		42,827
At December 31, 2010		387,802
Depreciation for the period		10,883
At March 31, 2011	$	398,685
Carrying amounts		
At January 1, 2010	$	66,169
At December 31, 2010	$	24,968
At March 31, 2011	$	20,855

5. 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.

<u>KSK COW – Central Kalimantan</u>

The holder of the KSK COW is KSK. KSK is owned 75% by Indokal and 25% by PCK. Indokal owns 100% of PCK.

On April 28, 2011, the Mines Department agreed that the Company's KSK COW has now come out of suspension, pending issuance of the forestry permit, and the Company will on that same day begin the second year extension of exploration so that the Company will have one year of exploration remaining before it is required to move to the two year feasibility period.

5. EXPLORATION AND EVALUATION ASSETS (continued)

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 April 3, 2007, KSK received a two year permit from the Minister of Forests to explore the entire KSK COW including the Hutan Lindung areas. The Company resubmitted its application for forestry permits on March 7, 2011, in accordance with current regulations which permits are expected to be issued by the government in 2011.

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% joint venture interest in Indokal by expending a minimum of $7,000,000 on funding KSK expenditures over three years and then can earn a further 24% (total 75%) by sole funding the completion of a feasibility study 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 ("NSR") royalty on the KSK COW.

The first phase $7,000,000 expenditure must include an expenditure of not less than $3,000,000 in the first year of which $500,000 must be spent on (i) delineation drilling at Beruang Kanan and (ii) drill testing of each of the deep Beruang Tengah, Beruang Kanan and Tambang Huoi prospects (*i.e.* a minimum of one drill hole on each such prospect).

Freeport subscribed to a 2,500,000 common share private placement in the Company priced C$0.14 per common share being 125% of the volume weighted average price of the Company's common shares traded on the TSXV in the seven business days following April 18, 2011, the date of the Agreement. The C$350,000 private placement closed on May 6, 2011.

In the first quarter ended March 31, 2011, the Company expended $109,617 on the KSK COW of which $49,775 will be recovered from Freeport so that the Company incurred net expenditures of $59,842 ($65,878 in the first quarter ended March 31, 2010) on exploration activities on the KSK COW.

Jelai Project – East Kalimantan

On March 23, 2006, the Company organized JCM. The Company has entered into certain contractual arrangements with JCM and its shareholders, pursuant to which the Company (either by itself or through a wholly owned mining services company) has agreed to provide all necessary financial, technical and managerial requirements for the development and operation of a mine within the JCM project area, and in return JCM has agreed to pay to the Company (or its subsidiary) the net proceeds of the sale of minerals from the JCM project area. Subsequent to March 31, 2011, this indirect arrangement is being unwound so that the Company will hold its interest in the shares of JCM indirectly through KLG SING, a recently incorporated wholly owned subsidiary in Singapore.

JCM paid a refundable security deposit of $25,636 to the government that gave JCM the right to conduct exploration over an approximate 5,000 hectare area including drilling. Those rights were subsequently converted to an IUP which gives the holder the right to explore for metallic minerals, including gold, within the IUP Area and to conduct feasibility studies into the development of a mining operation until June 2, 2015.

5. EXPLORATION AND EVALUATION ASSETS (continued)

On February 16, 2011, the Company executed an option agreement (the "Deed") with Tigers Realm Minerals Pty Ltd. ("Tigers"). The effectiveness of the Deed remains conditional upon forestry permits being granted as necessary to enable the on-ground activities to be conducted. The forestry permits are expected to be issued shortly. Tigers can incrementally earn up to a 70% interest in KLG SING by funding $6,000,000 expenditures on the IUP by June 2, 2015 and by completing a bankable feasibility study ("BFS"). Tigers are obligated to spend $2,000,000 by June 30, 2012. 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 investment in KLG SING. 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%.

In the first quarter ended March 31, 2011, the Company expended $103,383 ($61,490 in the first quarter ended March 31, 2010) on exploration activities on the Jelai project. When the Deed goes effective upon receipt of a forestry permit Tigers will assume the ongoing costs of the Jelai project and the Company expects to recover some of its expenditures on the Jelai Project at that time.

Property investigation

The Company has been investigating the acquisition of coal projects in Kalimantan since 2008.

In the first quarter ended March 31, 2011 the Company expended $12,271 ($28,873 in the first quarter ended March 31, 2010) on coal property investigation activities.

The details of exploration expenditures expensed during the three months ended March 31, 2011 and 2010 are as follows:

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

5. EXPLORATION AND EVALUATION ASSETS (continued)

	For the three months ended March 31, 2011	For the three months ended March 31, 2010
KSK COW		
Exploration costs during the period:		
Community development	$ 18,000	$ -
Consultants and contractors	4,009	-
Field support	3,185	11,815
Salaries, wages and related costs	38,291	30,487
Supplies and equipment	8,270	175
Taxation	17,284	19,094
Travel and accommodation	19,878	3,582
	108,917	65,153
Depreciation	700	725
Current period exploration	109,617	65,878
Recovery from Freeport	(49,775)	-
Current period exploration	59,842	65,878
Jelai		
Exploration costs during the period:		
Community development	10,699	10,056
Field support	297	5,960
Road and bridge repairs	75	-
Salaries, wages and related costs	55,401	26,151
Supplies and equipment	7,358	192
Taxation	10,423	1,813
Travel and accommodation	9,417	7,146
	93,670	51,318
Depreciation	9,713	10,172
Current period exploration	103,383	61,490
Project investigations		
Field support	3,643	3,788
Road and bridge repairs	90	-
Salaries, wages and related costs	6,273	11,351
Taxation	485	3,289
Transport (including helicopters)	1,310	9,879
	11,801	28,307
Depreciation	470	566
Current period exploration	12,271	28,873
Total current period exploration	175,496	156,241
Cumulative exploration expenditures included in the deficit, beginning of period	19,937,473	19,299,201
Cumulative exploration expenditures included in the deficit, end of period	$ 20,112,969	$ 19,455,442

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

6. TRADE AND OTHER RECEIVABLES

	As at March 31, 2011	As at December 31, 2010	As at January 1, 2010
Amounts receivable – employee advances	$ 29,354	$ 16,710	$ 8,074
Amounts receivable – Freeport (Note 5)	49,775	-	-
Amounts receivable – other and prepayments	54,254	13,717	100,971
Total	$ 133,383	$ 30,427	$109,045

7. SHARE CAPITAL AND RESERVES

a) Authorized share capital

At March 31, 2011 and December 31, 2010, 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.

b) Issued share capital

See the Consolidated Interim Statement of Changes in Equity for a summary of changes in share capital and reserves for the three months ended March 31, 2011, and the year ended December 31, 2010.

At March 31, 2011, the issued share capital comprised 162,907,156 common shares (December 31, 2010 – 162,907,156).

On July 20, 2010, the Company issued 13,235,000 common shares from a non-brokered private placement financing to raise $639,048 (C$661,750). The Company incurred issue costs of $3,602.

On December 23, 2010, the Company issued 16,125,000 common shares from a non-brokered private placement for the Canadian portion and a brokered private placement financing for the Great Britain portion to raise $1,253,719 (C$460,000 and £518,750). The Canadian portion of $217,152 was on hand at December 31, 2010, and the Great Britain balance of $1,036,567 was settled through the Crest system in London on the settlement date of January 13, 2011. The Company paid or accrued commissions, finders' fees and issue costs of $59,978. The net share subscription receivable at the December 31, 2010, exchange rate was $997,595. This amount was collected on January 13, 2011.

In the three months ended March 31, 2011, the Company recorded $996,503 as a source of cash and $19,914 of share issue costs as a use of cash in the statements of cash flow as these items were not reported in the statement of cash flows for the year ended December 31, 2010.

c) Stock Options

The Company has a shareholder approved "rolling" stock option plan (the "Plan") in compliance with TSXV policies. Under the Plan the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares at the time of granting. The exercise price of each stock option shall not be less than the market price of the Company's stock at the date of grant. Options can have a maximum term of ten years and typically terminate 90 days following the termination of the optionee's employment or engagement, except in the case of retirement or death. Vesting of options is at the discretion of the Board of Directors at the time the options are granted.

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

7. SHARE CAPITAL AND RESERVES (continued)

The continuity of stock options for the three months ended March 31, 2011 and the year ended December 31, 2010, were as follows:

	March 31, 2011		December 31, 2010	
	Number of options	Weighted average exerices price Cdn $	Number of options	Weighted average exerices price Cdn $
Balance outstanding, beginning of period	4,225,000	$ 0.22	5,372,000	$ 0.22
Options cancelled	-		(127,000)	0.23
Options expired	-		(1,020,000)	0.20
Balance outstanding,end of period	4,225,000	$ 0.22	4,225,000	$ 0.22

The following table summarizes information concerning outstanding and exercisable options at March 31, 2011:

Exercise price Cdn $	Options outstanding	Weighted average remaining contractual life years	Weighted average exercise price Cdn $
$ 0.11	1,370,000	2.32	$ 0.11
$ 0.20	1,495,000	0.46	$ 0.20
$ 0.35	1,360,000	1.07	$ 0.35
	4,225,000	1.26	$ 0.22

The following table summarizes information concerning outstanding and exercisable options at December 31, 2010:

Exercise price Cdn $	Options outstanding	Weighted average remaining contractual life years	Weighted average exercise price Cdn $
$ 0.11	1,370,000	2.57	$ 0.11
$ 0.20	1,495,000	0.71	$ 0.20
$ 0.35	1,360,000	1.32	$ 0.35
	4,225,000	1.51	$ 0.22

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

8. 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	Consulting and administrative

In the three months ended March 31, 2011, the Company paid or accrued consulting fees to Golden Oak of $20,400 (2010 - $18,030).

b) The remuneration of directors and other members of key management personnel, including the fees paid to Golden Oak, during the three months ended March 31, 2011, were $76,886 (2010 - $49,873). There were no stock options granted in either period.

9. PROVISION FOR EMPLOYEE SERVICE ENTITLEMENTS

Movements of provision for employee service entitlements:

Balance, January 1, 2010	$	55,346
Less: utilization during the year		(3,837)
Add: provision during the year		26,345
Add: foreign exchange adjustment to estimated provision		1,840
Balance, December 31, 2010		79,694
Add: foreign exchange adjustment to estimated provision		1,292
Balance, March 31, 2011	$	80,986

10. AMOUNTS PAYABLE AND OTHER LIABILITIES

Falling due within the next twelve months	As at March 31, 2011	As at December 31, 2010	As at January 1, 2010
Trade and other payables	$360,657	$489,779	$433,120
Trade and other payables owed to related parties	97,506	218,799	89,933
Total	$458,163	$708,578	$523,053

11. MANAGEMENT OF FINANCIAL RISK

The Company is exposed in varying degrees certain financial risks including currency, credit, liquidity, interest and price risks.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly
Level 3 – inputs that are not based on observable market data.

The Company's financial instruments include cash, receivables, deposits and accounts payable and accrued liabilities.

11. MANAGEMENT OF FINANCIAL RISK (continued)

The Company has designated its cash and deposits as held-for-trading, measured at fair value using level one as the basis for measurement in the fair value hierarchy. The carrying value of receivables and payables and accrued liabilities approximate fair value because of the short-term nature of these instruments.

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

Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Indonesia. The majority of the Company's cash is held in Canada in Canadian dollars and the Company expects to continue to raise equity predominantly in Canadian dollars. The Company conducts its business in Indonesia with a significant portion of expenditures in that country denominated in US dollars. A portion of the Company's business is conducted in Canadian dollars, Pounds Sterling and the Australia dollar. As such, it is subject to risk due to fluctuations in the exchange rates between the United States dollar and each of the Indonesian Rupiah ("Rp"), Pounds Sterling ("GBP") and Canadian ("CDN") and Australian ("AUS") dollars. A significant change in the currency exchange rates between the United States 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 United States dollars on financial instruments is as follows:

	Currency	As at March 31, 2011		Currency	As at December 31, 2010	
		Foreign currency amount	Amount in US dollars		Foreign currency amount	Amount in US dollars
Cash	CDN	578,536	596,702	CDN	276,170	274,679
Trade and other receivables		-	-	CDN	240,000	238,704
				GBP	486,562	758,891
Trade and other payables	CDN	(83,039)	(84,374)	CDN	(73,708)	(73,310)
	GBP	(7,802)	(12,521)	GBP	(23,907)	(37,288)
	AUD	(23,150)	(23,977)	AUD	(66,520)	(67,878)
			475,830			1,093,798

Based upon the above net exposures and assuming that all other variables remain constant, a 10% depreciation of the US dollar against the Canadian dollar, Pounds Sterling and Australian dollars would result in a decrease in the loss of approximately $4,656 in the three months ended March 31, 2011 ($10,936 in the year ended December 31, 2010. This sensitivity analysis includes only outstanding foreign currency denominated monetary items.

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, amounts receivable 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.

11. MANAGEMENT OF FINANCIAL RISK (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, it will have sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is currently invested in business accounts which are available on demand by the Company for its programs.

The Company has no contractual obligations other than current trade payables (Note 10).

Interest rate risk

The only significant market risk exposure to which the Company is exposed is interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rates.

Commodity price risk

While the value of the Company's core mineral resource properties, the KSK COW and the Jelai Gold, is 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.

Gold and copper prices historically have fluctuated widely 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 certain other factors related specifically to gold.

12. MANAGEMENT OF CAPITAL

The Company manages common shares and stock options as capital (see Note 7). 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 and cash equivalents.

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 and cash equivalents consist 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 equivalents and the fair value approximates carrying value.

13. COMMITMENTS

The AIM Rules require the Company to have a Nominated Adviser ("Nomad") and Broker at all times.

RFC Corporate Finance Limited ("RFC") is the Company's Nomad for the purpose of the AIM Rules. In the three months ended March 31, 2011, the Company paid or accrued $16,479 (AUD$15,000) in consulting fees to RFC ($13,696 (AUD$15,000) in 2010).

Alexander David Securities Limited ("ADS") is the Company's Broker for the purpose of the AIM Rules. In the three months ended March 31, 2011, the Company paid or accrued $5,953 (£3,750) as consulting fees. ($5,959 (£3,750) in 2010).

14. CONTINGENCIES

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 outcome of the tax assessments is not determinable. The Company believes the tax assessments are without basis and the Company has paid deposits of $57,290 in order to be permitted to file the appeals which amount is included in Government deposits and receivables of $61,618. Should the tax appeals not be successful the Company may owe up to $200,000 to the Government.

15. 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.

16. SUBSEQUENT EVENTS

Subsequent to March 31, 2011, the Company:

a) granted for the first time since 2008, 4,875,000 stock options to directors, employees and consultants at an exercise price of C$0.12 and a five year term that vested immediately; and

b) issued 2,500,000 common shares at a price of C$0.14 per common share pursuant to a private placement with Freeport to raise C$350,000.

17. FIRST TIME ADOPTION OF IFRS

The Company adopted IFRS on January 1, 2011, with a transition date of January 1, 2010. IFRS 1, "First-time adoption of International Financial Reporting Standards", provides guidance for the initial adoption of IFRS. IFRS 1 requires retrospective application of the standards in the transition statement of financial position with all adjustments of assets and liabilities taken to deficit unless certain mandatory and optional exemptions are applied.

The basis of presentation and significant account policies in note 2 and 3 respectively have been applied in preparing the condensed consolidated interim financial statements for the periods ended March 31, 2011 and 2010, and the opening IFRS statement of financial position on January 1, 2010, the "Transition Date" and December 31, 2010.

The Company's statements are in all material respects the same under Canadian GAAP as they are under IFRS and the Company did not make use of any of the exemptions under IFRS 1.

IFRS employs a conceptual framework that is similar to Canadian GAAP; however, significant differences exist in certain areas of recognition, measurement and disclosure. The adoption of IFRS has not changed the actual cash flows of the Company and the adoption did not result in changes to the Company's reported financial position and results of operations. The Company's Canadian GAAP opening statement of financial position at January 1, 2010, and interim statements of financial position at March 31, 2010, and December 31, 2010, and statements of comprehensive loss, and cash flows for the three months ended March 31, 2010, and the year ended December 31, 2010, have been reconciled to IFRS and presented below.

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

17. FIRST TIME ADOPTION OF IFRS (continued)

The adoption of IFRS has not changed the actual cash flows of the Company or resulted in changes to the Company's reported financial position as at January 1, 2010.

	January 1, 2010	
	Canadian GAAP	IFRS
ASSETS		
Current assets		
Cash	$ 481,004	$ 481,004
Trade and other receivables	109,045	109,045
	590,049	590,049
Exploration and evaluation assets	24,414	24,414
Property, plant and equipment	66,169	66,169
	$ 680,632	$ 680,632
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade and other payables	$ 523,053	$ 523,053
Promissory note	95,147	95,147
	618,200	618,200
Non-current liabilities		
Provision for employee service entitlements	55,346	55,346
	673,546	673,546
Shareholders' equity		
Share capital	1,305,964	1,305,964
Equity reserves	22,527,806	22,527,806
Deficit	(23,826,684)	(23,826,684)
	7,086	7,086
	$ 680,632	$ 680,632

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

17. FIRST TIME ADOPTION OF IFRS (continued)

The adoption of IFRS has not changed the actual cash flows of the Company or resulted in changes to the Company's reported financial position as at March 31, 2010.

	March 31, 2010	
	Canadian GAAP	IFRS
ASSETS		
Current assets		
Cash	$ 163,720	$ 163,720
Trade and other receivables	127,126	127,126
	290,846	290,846
Exploration and evaluation assets	24,940	24,940
Property, plant and equipment	54,878	54,878
	$ 370,664	$ 370,664
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade and other payables	$ 480,925	$ 480,925
Promissory note	98,445	98,445
	579,370	579,370
Non-current liabilities		
Provision for employee service entitlements	49,411	49,411
	628,781	628,781
Shareholders' equity		
Share capital	1,305,964	1,305,964
Equity reserves	22,527,806	22,527,806
Deficit	(24,091,887)	(24,091,887)
	(258,117)	(258,117)
	$ 370,664	$ 370,664

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

17. FIRST TIME ADOPTION OF IFRS (continued)

The adoption of IFRS has not changed the actual cash flows of the Company or resulted in changes to the Company's reported condensed statement of comprehensive loss for the three months ended March 31, 2010.

	Three months ended March 31, 2010	
	Canadian GAAP	IFRS
Expenses		
Accounting and audit	$ 4,618	$ 4,618
Consultants	60,421	60,421
Directors fees	6,000	6,000
Exploration costs	156,241	156,241
Investor relations	1,628	1,628
Legal	2,755	2,755
Office and administrative services	5,009	5,009
Telephone and facsimile	1,414	1,414
Transfer agent, filing and exchange fees	21,220	21,220
Travel and accommodation	6,107	6,107
	265,413	265,413
Other items		
Foreign exchange gain	(199)	(199)
Interest income	(11)	(11)
	(210)	(210)
Loss and comprehensive loss for the period attributable to shareholders of the Company	$ 265,203	$ 265,203
Basic and diluted loss per common share	$ (0.00)	$ (0.00)
Weighted average number of shares outstanding	133,547,156	133,547,156

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

17. FIRST TIME ADOPTION OF IFRS (continued)

The adoption of IFRS has not changed the actual cash flows of the Company or resulted in changes to the Company's reported condensed statement of cash flows for the three months ended March 31, 2010.

	Three months ended March 31, 2010	
	Canadian GAAP	IFRS
Operating activities		
Loss for the period	$ (265,203)	$ (265,203)
Adjustment for non-cash items:		
Depreciation	11,463	11,463
Unrealized foreign exchange loss	2,573	2,573
Changes in non-cash working capital:		
Trade and other receivables	(18,081)	(18,081)
Trade and other payables	(42,128)	(42,128)
Provision for employee service entitlements	(5,935)	(5,935)
	(317,311)	(317,311)
Investing activities		
Purchase of property, plant and equipment	(172)	(172)
	(172)	(172)
Unrealized foreign exchange gain on cash	199	199
Decrease in cash	(317,284)	(317,284)
Cash, beginning of period	481,004	481,004
Cash, end of period	$ 163,720	$ 163,720

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

17. FIRST TIME ADOPTION OF IFRS (continued)

The adoption of IFRS has not changed the actual cash flows of the Company or resulted in changes to the Company's reported financial position as at December 31, 2010.

	December 31, 2010	
	Canadian GAAP	IFRS
ASSETS		
Current assets		
Cash	$ 306,156	$ 306,156
Share subscription receivable	997,595	997,595
Trade and other receivables	30,427	30,427
	1,334,178	1,334,178
Exploration and evaluation assets	25,165	25,165
Government deposit and receivable	61,618	61,618
Property, plant and equipment	24,968	24,968
	$ 1,445,929	$ 1,445,929
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade and other payables	$ 708,578	$ 708,578
Non-current liabilities		
Provision for employee service entitlements	79,694	79,694
	788,272	788,272
Shareholders' equity		
Share capital	1,599,564	1,599,564
Equity reserves	24,063,393	24,063,393
Deficit	(25,005,300)	(25,005,300)
	657,657	657,657
	$ 2,154,507	$ 2,154,507

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

17. FIRST TIME ADOPTION OF IFRS (continued)

The adoption of IFRS has not changed the actual cash flows of the Company or resulted in changes to the Company's reported condensed statement of comprehensive loss for the year ended December 31, 2010.

	Year ended December 31, 2010	
	Canadian GAAP	IFRS
Expenses		
Accounting and audit	$ 84,015	$ 84,015
Consultants	260,497	260,497
Directors fees	24,000	24,000
Exploration costs	638,272	638,272
Investor relations	2,607	2,607
Legal	44,224	44,224
Office and administrative services	21,220	21,220
Telephone and facsimile	2,526	2,526
Transfer agent, filing and exchange fees	66,811	66,811
Travel and accommodation	41,858	41,858
	1,186,030	1,186,030
Other items		
Foreign exchange gain	(7,296)	(7,296)
Interest income	(118)	(118)
	(7,414)	(7,414)
Loss and comprehensive loss for the period attributable to shareholders of the Company	$ 1,178,616	$ 1,178,616
Basic and diluted loss per share	$ (0.01)	$ (0.01)
Weighted average number of common shares	139,919,786	139,919,786

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

17. FIRST TIME ADOPTION OF IFRS (continued)

The adoption of IFRS has not changed the actual cash flows of the Company or resulted in changes to the Company's reported condensed statement of cash flows for the year ended December 31, 2010.

	Year ended December 31, 2010	
	Canadian GAAP	IFRS
Operating activities		
Loss for the year	$ (1,178,616)	$ (1,178,616)
Adjustment for non-cash items:		
Depreciation - exploration	42,827	42,827
Unrealized foreign exchange loss	(9,139)	(9,139)
Changes in non-cash working capital:		
Trade and other receivables	17,000	17,000
Trade and other payables	165,611	165,611
Provision for employee service entitlements	24,348	24,348
	(937,969)	(937,969)
Investing activities		
Purchase of property, plant and equipment	(1,626)	(1,626)
	(1,626)	(1,626)
Financing activities		
Promissory note	(95,147)	(95,147)
Shares issued	856,200	856,200
Share issue costs	(3,602)	(3,602)
	757,451	757,451
Unrealized foreign exchange gain on cash	7,296	7,296
Decrease in cash	(174,848)	(174,848)
Cash, beginning of year	481,004	481,004
Cash, end of year	$ 306,156	$ 306,156