Kalimantan GOLD

Corporation Limited

Third Quarter Report

For the nine months ended September 30, 2012

Kalimantan GOLD Corporation Limited

Management Discussion and Analysis

(expressed in US dollars)

Nine month period ended September 30, 2012

Kalimantan Gold Corporation Limited
MANAGEMENT DISCUSSION AND ANALYSIS
For the nine month period ended September 30, 2012

Date

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

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

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

The effective date of this MD&A is November 14, 2012.

Overview

Description of the Business

Kalimantan Gold Corporation Limited 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.

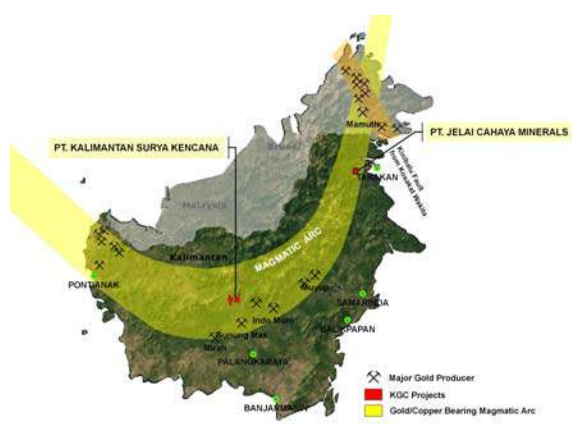
The Company has two principal areas of interest: the KSK Contract of Work (the "KSK CoW") in Central Kalimantan with multiple porphyry copper and gold prospects and the Jelai epithermal gold prospect in East Kalimantan.

The holder of the KSK CoW is PT Kalimantan Surya Kencana ("KSK"). KSK is owned 75% by Indokal and 25% by PCK. Indokal owns 100% of PCK. On April 18, 2011, the Company entered into a joint venture agreement (the "KSK Agreement") with Surya Kencana LLC ("SK LLC"), a wholly-owned subsidiary of Freeport-McMoRan Exploration Corporation in relation to the KSK CoW.

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

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

- SK LLC elects to continue to sole fund exploration and feasibility study expenditures on KSK CoW
- Drilling continues at KSK CoW
- The company regained control of 100% of Jelai gold project – Tigers withdrew from Deed



KSK CoW

Having completed sole funding exploration to $7,000,000 in early October 2012, SK LLC has notified KLG that SK LLC has elected to continue to sole fund all remaining exploration and feasibility study expenditure under the KSK Agreement, subject to SK LLC's right to withdraw from the Joint Venture in accordance with the terms of the KSK Agreement.

During the nine months ended September 30, 2012, the Company earned management fees of $323,090 (2011 - $42,389) pursuant to the KSK Agreement.

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

On October 29, 2012, KLG provided an update, by way of news release, that two Duralite drill rigs had been utilized on the deep porphyry copper program and two smaller Jackro rigs had been assigned to the Beruang Kanan near-surface delineation drilling program. Two deep and six delineation holes had been completed and a further two deep holes were nearing completion with a total of 8,005 metres having been drilled to October 29, 2012.

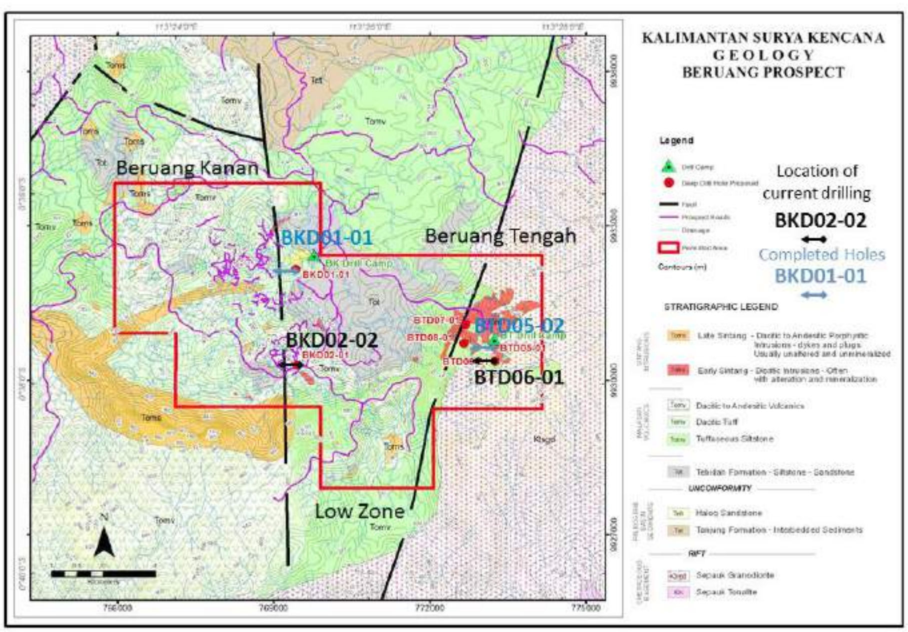
Beruang Tengah Deep Holes

One hole has been completed and the result, while not returning economic grades, does suggest that a porphyry system is present. All subsequent drill holes at Beruang Tengah will be directed at locating the potential high grade portions of this porphyry system.

Beruang Kanan Deep Holes

The first drill hole within the main zone at Beruang Kanan did not produce any significant intercepts, although several small zones with minor copper mineralization were encountered. A second drill hole, in the southern part of Beruang Kanan, is near completion. A third planned deep drill hole at Beruang Kanan will test the central zone where the delineation drilling is currently underway.

Drill location of the two Duralite drill rigs at KSK Copper Project:

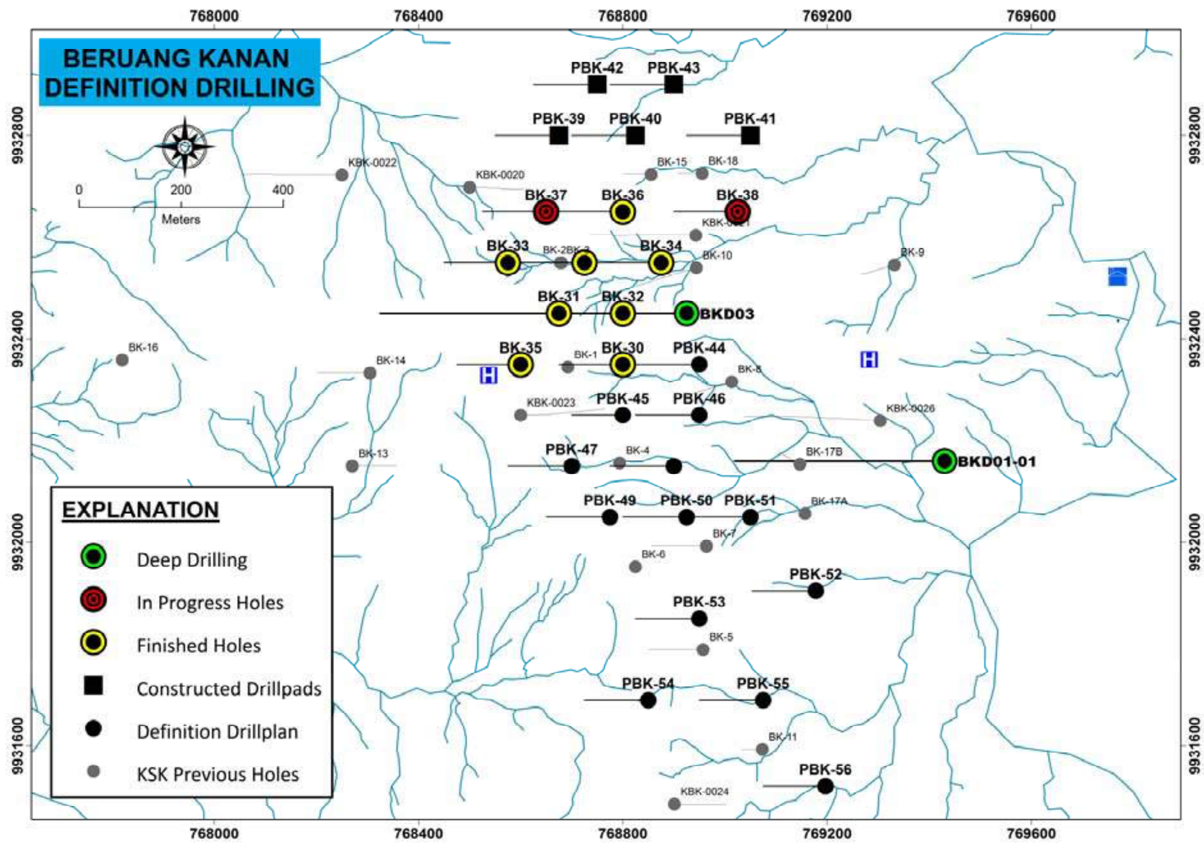


Beruang Kanan Shallow Delineation Drilling

The operation of the two shallow-level drill rigs continued on the central mineralized zone of Beruang Kanan. Seven holes have been completed and a further two are in progress.

This drilling continues to test the strong silica clay pyrite altered volcanic breccia that contains chalcopyrite and covellite mineralization in strongly sheared and silica flooded zones with irregular white quartz veining.

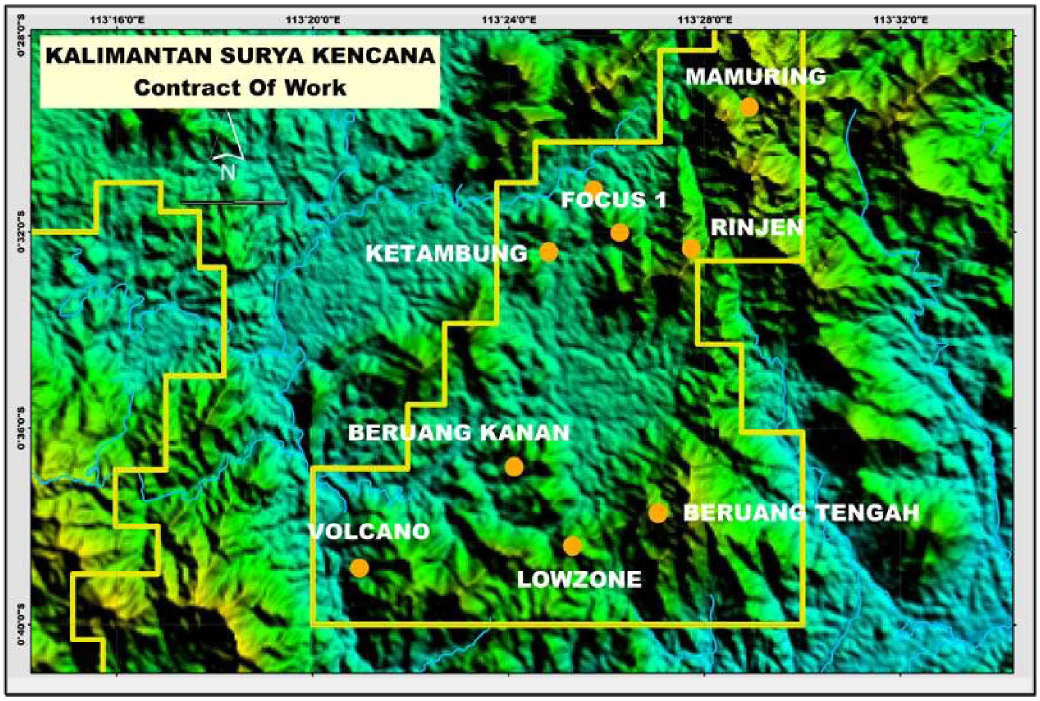
Delineation Drill Hole locations at Beruang Kanan Prospect:



Field Geology Programs

As part of a campaign to investigate all areas of interest in a systematic manner, field geology programs have been initiated at Focus 1 and Rinjen and extended at Beruang Kanan and Beruang Tengah. The programs included follow-up sampling, grid soil sampling, and geological mapping. The fieldwork in southern Beruang Tengah was done to close the mapping of the diorite intrusion to the south and also to extend the soil sampling grid in an effort to close the copper and molybdenum-in-soil anomaly to the SW.
Field geology programs have been completed or are ongoing at Beruang Tengah, Beruang Kanan, Low Zone, Focus 1, Ketambung and Rinjen and include follow-up sampling, grid soil sampling, and geological mapping. This activity is part of a campaign to investigate all areas of interest in a systematic manner to generate data to support defining additional drill holes targeting these prospects.

Map showing current exploration prospects:



These programs have produced a total of 730 soil and 675 rock samples.

Future detailed exploration activities will include geology, structure and alteration mapping, geochemistry and potentially geophysical surveys at these prospects plus the Mamuring, and Volcano prospects.

Additional Forestry Permits

The process of applying for additional ground under the Forestry Borrow to Use system (Pinjam Pakai) has been initiated to allow access to other priority areas within the KSK Contract of Work including Tumbang Huoi, Baroi and Mansur prospects.

Corporate Social Responsibility (CSR) Program

Yayasan Tambuhak Sinta (YTS) is working in 21 Dayak villages, located along the Kahayan River, just outside of the KSK concession area. YTS's program is focused on strengthening governance in the area, and is helping communities take greater responsibility for their own development agenda through participatory planning, institution strengthening and economic development.

This initiative enables communities to engage more effectively with local government in order to access improved services and programs in education, health, infrastructure and economic livelihoods.
YTS provides training and technical assistance to improve the capabilities of villagers in growing crops, raising animals, and managing local resources. In 2012, this support concentrated on vegetables, fish, pigs and rubber.

In collaboration with the local credit union, YTS provided training on savings, credit, and small business development. By joining the credit union, people establish savings accounts and can access credit for their household or business.

At district level, YTS has a two-year program to improve the capacity of district staff to improve their annual planning and budgeting mechanism. This will result in delivering better support programs and services to communities.

The YTS Community Development Program accounted for 4% of expenditure and includes:

a. Village Development Planning
b. Village Development Fund & Technical Support for Economic Livelihoods
c. Village Institutional Development
d. Kalimantan Kids Club – a scholarship program
e. Information & Communication Media and Events

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.

Jelai

From November 7, 2011, until the option agreement was terminated effective September 30, 2012, activities on the Jelai project were funded by Tigers Realm Metals Pty Ltd. ("Tigers" or "TRM").

During the nine months ended September 30, 2012, the Company earned management fees of $128,294 pursuant to the TRM Agreement.

TRM completed 12 holes, for a total 3,318.9m. TRM's objective was to test continuity of high grade at depth and in shoots along strike, to define an initial gold resource at the Mewet Prospect. A total of eight holes were completed at the Mewet prospect, two deep holes into north and south Sembawang prospect and two scout holes at central and south Nyabi Prospect. TRM did not see the results it expected in this modest 6-month drill test and they terminated the agreement.

KLG has placed the Jelai project on care and maintenance while it analyzes the results and determines the next step for the project.

Qualified Person

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

Aim Rule 26

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

Results of Operations

Results of operations for the nine months ended September 30, 2012

The Company incurred a loss and comprehensive loss for the nine month period ended September 30, 2012, of $172,959 (2011 - $1,270,415).

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

- Exploration costs: September 30, 2012 - $160,720 (September 30, 2011 - $320,223)
  Gross exploration expenditures in the current fiscal period are significantly higher than in the comparative period; however, the majority of these costs are now being funded by our joint venture partners.

- Legal fees: September 30, 2012 - $22,974 (September 30, 2011 - $41,882)
  Legal fees have now generally returned to normal levels for 2012. The comparative 2011 period was higher due to the costs to formalize the agreements with Freeport and Tigers on the KSK COW and Jelai projects respectively and on the restructure of JCM, some of which were recovered from Tigers.
- Management fees: September 30, 2012 – ($451,384) (September 30, 2011 – ($42,389))
  These are a new source of funds for the Company that relate to the Company being the operator of the KSK CoW and Jelai operations, and are directly correlated with the magnitude of the gross exploration expenditures funded by our joint venture partners. Tigers terminated the agreement on the Jelai project effective September 30, 2012.
- Share-based compensation: September 30, 2012 - $48,700 (September 30, 2011 - $532,982)
  This 2012 expense is related to the continued vesting of options granted to the CEO on April 21, 2011. The expense for the period ended September 30, 2011 was for the grant of stock options to all participants.
- Travel and accommodation: September 30, 2012 - $32,305 (September 30, 2011 - $51,719)
  Travel costs have now generally returned to normal levels for the first three quarters of 2012. The comparative quarters were higher due to the travel costs associated with formalizing the agreements with Freeport and Tigers on the KSK COW and Jelai projects respectively.

Summary of Quarterly Results

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

	3 months ended September 30, 2012	3 months ended June 30, 2012	3 months ended March 31, 2012	3 months ended December 31, 2011	3 months ended September 30, 2011	3 months ended June 30, 2011	3 months ended March 31, 2011	3 months ended December 31, 2010
Total revenues	-	-	-	-	-	-	-	-
Profit (loss) for the quarter	42,616	(80,834)	(134,741)	(152,853)	(268,759)	(674,849)	(325,769)	(442,281)
Basic and diluted profit (loss) per share	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

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

Liquidity

The Company began the current fiscal year with $791,511 in cash. Operating activities contributed $243,568 in cash, the Company recognized restricted cash becoming unrestricted of $209,167, used $113,751 in cash for asset acquisitions and received $92,493 as recoveries against those acquisitions, realized net proceeds from share issues of $473,230, and recorded $2,194 of unrealized foreign exchange loss on cash balances, to end the third quarter with $1,698,412 in cash, of which $1,078,445 is held exclusively for use on KSK and JCM joint venture projects.

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

Capital Resources

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

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

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

Transactions with Related Parties

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

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Consulting fees – Golden Oak (CFO's company)	$ 29,319	$ 30,419	$ 88,225	$ 74,965
Consulting fees – Romfal (CEO's company)	25,000	13,000	55,000	17,600
Total	$ 54,319	$ 43,419	$ 143,225	$ 92,565

b) Compensation of key management personnel:

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

	Three months ended September 30,		Nine months ended September 30,	
	2012	2012	2012	2011
Consulting fees	$ 54,319	$ 43,419	$ 143,225	$ 92,565
Salaries, wages and related costs (exploration and evaluation expenditures)	62,143	62,143	186,429	149,586
Directors fees to non-management directors	6,000	6,000	18,000	18,000
Share-based compensation	10,137	55,753	48,700	392,677
Total	$ 132,599	$ 167,315	$ 396,354	$ 668,728

At September 30, 2012, an amount of $59,397 (December 31, 2011 - $76,313) owed to key management personnel is included in trade and other payables.

Future Canadian Accounting Standards

Refer to the discussion of "New Standards, Interpretations and Amendments Not Yet Effective" in our Financial Report. The Company has not applied any of the new and revised IFRS detailed therein, all of which have been issued but are not yet effective at the date of this MD&A.

Management of Capital

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

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

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

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

Financial Instruments and Related Risks

Categories of Financial Assets and Financial Liabilities

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

Financial Instrument	Category	September 30, 2012	December 31, 2011
Cash	FVTPL	$ 1,698,412	$ 791,511
Restricted cash	FVTPL	-	209,167
Government deposit and receivable	Loans and Receivables	-	61,310
Trade and other receivables	Loans and Receivables	539,134	85,774
Trade and other payables	Other liabilities	1,781,086	950,024

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

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

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

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

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

Risk Management

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

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

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

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

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

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

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

	As at September 30, 2012			As at December 31, 2011		
	Currency	Foreign Currency amount	Amount in US dollars $	*Currency*	Foreign currency amount	Amount in US dollars $
Cash	*CDN*	64,347	65,447	*CDN*	95,111	93,523
	Rp	759,874,400	79,568	-	435,222,560	47,932
Government deposits and receivables	*Rp*	-	-	*Rp*	554,007,438	61,310
Trade and other payables	*CDN*	(2,356)	(2,397)	*CDN*	(980)	(948)
	GBP	(3,175)	(5,047)	*GBP*	(2,916)	(4,812)
	Rp	(1,001,470,300)	(104,866)	*Rp*	-	-
			32,705			197,005

Based upon the above net exposures and assuming that all other variables remain constant, a 10% depreciation of the US dollar against the GBP and CDN and AUS dollars would result in a decrease in the loss of approximately $3,300 in the nine-month period ended September 30, 2012, ($19,700 in the year ended December 31, 2011). This sensitivity analysis includes only outstanding foreign currency denominated monetary items.

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

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

Political Uncertainty

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

Forward Looking Statements

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

Additional Disclosure for Venture Issuers without Significant Revenue

The components of exploration costs are described in a schedule to the Financial Report.

Outstanding Share Data

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

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

Risks and Uncertainties

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

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

Other information

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

Kalimantan GOLD Corporation Limited

Condensed Consolidated Interim Financial Statements

Nine months ended September 30, 2012 and 2011

(In United States dollars, unless otherwise noted)

(Unaudited)

Notice to Reader

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

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

	Note	September 30, 2012	December 31, 2011
ASSETS			
Current assets			
Cash	3	$ 1,698,412	$ 791,511
Restricted cash	3	-	209,167
Government deposit and receivable	4	-	61,310
Trade and other receivables	5	637,133	111,672
		2,335,545	1,173,660
Non-current assets			
Security deposit		24,303	25,055
Property, plant and equipment	6	26,458	12,186
		$ 2,386,306	$ 1,210,901
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables	7	$ 1,781,086	$ 950,024
		1,781,086	950,024
Non-current liabilities			
Provision for employee service entitlements		94,570	99,198
		1,875,656	1,049,222
Shareholders' equity			
Share capital	8	1,674,842	1,621,612
Equity reserves	8	25,436,297	24,967,597
Deficit		(26,600,489)	(26,427,530)
		510,650	161,679
		$ 2,386,306	$ 1,210,901
Nature of operations	1		

These condensed consolidated interim financial statements are authorized for issue on behalf of the Board of Directors on November 14, 2012.

They are signed on the Company's behalf by:

/s/ Peter Bojtos
Peter Bojtos
Director

/s/ Faldi Ismail
Faldi Ismail
Director

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

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

		three months ended		nine months ended	
	Note	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Expenses					
Accounting and audit		$ 6,050	$ 25,728	$ 14,736	$ 26,534
Consultants	*9*	98,819	72,731	261,837	214,230
Directors fees	*9*	6,000	6,000	18,000	18,000
Exploration and evaluation expenditures - Schedule		38,494	69,575	160,720	320,223
Investor relations		3,195	600	4,971	2,251
Legal		5,776	(11,741)	22,974	41,882
Management fees		(231,406)	(20,022)	(451,384)	(42,389)
Office and administrative services		3,227	919	7,634	11,737
Share-based compensation	*8*	10,137	69,732	48,700	532,982
Telephone and facsimile		371	316	2,304	2,096
Transfer agent, filing and exchange fees		6,543	20,664	80,934	90,321
Travel and accommodation		14,824	10,989	32,305	51,719
		37,970	(245,491)	(203,731)	(1,269,586)
Other items					
Foreign exchange gain (loss)		4,167	(24,398)	2,489	(1,230)
Interest income		479	92	28,283	401
		4,646	(24,306)	30,772	(829)
Profit (loss) and comprehensive profit (loss) for the period		$ 42,616	$ (269,797)	$ (172,959)	$ (1,270,415)
Basic and diluted profit (loss) per common share		$ 0.00	$ (0.00)	$ (0.00)	$ (0.01)
Weighted average number of shares outstanding		171,407,156	165,407,156	168,593,969	164,262,467

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)

	nine months ended	
	September 30, 2012	September 30, 2011
Cash provided from (used for):		
Operating activities		
Loss for the period	$ (172,959)	$ (1,269,377)
Adjustment for non-cash items:		
Depreciation	6,986	19,658
Share-based compensation	48,700	532,982
Unrealized foreign exchange gain	(6,070)	(1,474)
Changes in non-cash working capital:		
Trade and other receivables	(464,151)	(24,525)
Trade and other payables	831,062	201,424
Provision for employee service entitlements	-	(4,741)
	243,568	(546,053)
Investing activities		
Purchase of property, plant and equipment	(113,751)	(16,812)
Recovery of property, plant and equipment	92,493	-
Restricted cash	209,167	-
	187,909	(16,812)
Financing activities		
Share issues	480,000	1,360,442
Share issue costs	(6,770)	(19,914)
	473,230	1,340,528
Unrealized foreign exchange gain on cash	2,194	2,535
Increase in cash	906,901	780,198
Cash, beginning of the period	791,511	306,156
Cash, end of the period	$ 1,698,412	$ 1,086,354

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

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

	Number of shares		Amount		Equity reserves		Deficit		Total
Balance, December 31, 2010	162,907,156	$	1,599,564	$	24,063,393	$	(25,005,300)	$	657,657
Share issues	2,500,000		25,000		338,939		-		363,939
Share issue costs	-		-		-		-		-
Share-based compensation	-		-		463,250		-		463,250
Loss and comprehensive loss for the perod	-		-		-		1,270,415		1,270,415
Balance, September 30, 2011	165,407,156	$	1,624,564	$	24,865,582	$	(23,734,885)	$	2,755,261
Balance, December 31, 2011	165,407,156	$	1,621,612	$	24,967,597	$	(26,427,530)	$	161,679
Share issues	6,000,000		60,000		420,000		-		480,000
Share issue costs	-		(6,770)		-		-		(6,770)
Share-based compensation	-		-		48,700		-		48,700
Loss and comprehensive loss for the perod	-		-		-		(172,959)		(172,959)
Balance, September 30, 2012	171,407,156	$	1,674,842	$	25,436,297	$	(26,600,489)	$	510,650

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

KALIMANTAN GOLD CORPORATION LIMITED
SCHEDULE OF EXPLORATION AND EVALUATION EXPENDITURES
(unaudited - expressed in United States dollars, unless otherwise noted)

	For the three months ended		For the nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
KSK CoW				
Exploration costs during the period:				
Community development	$ 141,960	$ 45,249	$ 371,188	$ 99,415
Consultants and contractors	537,189	61,041	904,155	118,399
Contracted drilling	486,794	-	731,489	-
Field support	556,032	119,723	839,122	224,048
Land tax and dead rent	400	-	8,106	-
Salaries, wages and related costs	583,786	191,586	1,055,249	372,978
Sample preparation and analysis	145,287	-	189,689	-
Supplies and equipment	324,107	4,096	636,284	16,283
Taxation	252,073	55,677	474,207	119,033
Transport (including helicopters)	1,223,010	-	1,850,595	-
Travel and accommodation	74,628	36,240	148,950	100,221
	4,325,266	513,612	7,209,034	1,050,377
Depreciation	1,117	740	2,214	2,309
Current period exploration	4,326,383	514,352	7,211,248	1,052,686
Recovery from Freeport	(4,297,490)	(484,405)	(7,130,342)	(931,751)
Current period net exploration	28,893	29,947	80,906	120,935
Jelai				
Exploration costs during the period:				
Community development	$ 39,902	$ -	$ 44,027	$ 17,782
Consultants and contractors	93,013	-	139,227	-
Contracted drilling	311,438	-	465,091	-
Field support	52,114	10,337	97,236	14,824
Land tax and dead rent	-	-	1,641	-
Road and bridge repairs	-	256	-	505
Salaries, wages and related costs	210,793	17,985	583,615	89,122
Sample preparation and analysis	21,373	-	41,695	-
Supplies and equipment	123,415	963	287,419	8,350
Taxation	42,466	4,574	128,040	15,702
Transport (including helicopters)	-	-	-	-
Travel and accommodation	26,514	3,294	58,115	17,378
	921,028	37,409	1,846,106	163,663
Depreciation	1,847	2,219	4,772	16,532
Current period exploration	922,875	39,628	1,850,878	180,195
Recovery from Tigers	(913,274)	-	(1,771,064)	-
Current period net exploration	9,601	39,628	79,814	180,195
Project investigations				
Consultants and contractors	-	-	-	-
Drilling	-	-	-	-
Field support	-	-	-	4,585
Road and bridge repairs	-	-	-	644
Salaries, wages and related costs	-	-	-	9,533
Taxation	-	-	-	748
Transport (including helicopters)	-	-	-	2,766
	-	-	-	18,276
Depreciation	-	-	-	817
Current period exploration	-	-	-	19,093
Total current period exploration	38,494	69,575	160,720	320,223
Cumulative exploration expenditures included in the deficit, beginning of the period	20,459,364	20,188,121	20,337,138	19,937,473
Cumulative exploration expenditures included in the deficit, end of the period	$ 20,497,858	$ 20,257,696	$ 20,497,858	$ 20,257,696

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

1. NATURE OF OPERATIONS

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

b) Basis of preparation and consolidation

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

c) Functional and presentation currency

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

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d) Use of estimates and judgments

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

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

(i) Critical accounting estimates

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

Estimated useful lives of property, plant and equipment

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

Share-based compensation

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

Provision for employee service entitlements

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

(ii) Critical accounting judgments

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

Determination of functional currency

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

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

e) New standards, interpretations and amendments not yet effective

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

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

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

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

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

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

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

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

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

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

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

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

3. CASH and RESTRICTED CASH

	As at September 30, 2012	As at December 31, 2011
Canadian denominated cash held in Canada	$ 65,447	$ 93,523
US dollar denominated cash held in Canada	533,943	321,853
Cash held in Indonesia	20,577	68,525
Restricted cash held in Indonesia	-	(209,167)
Cash held in Canada and Indonesia exclusively for use on joint venture projects	1,078,445	516,777
Cash	$ 1,698,412	$ 791,511
Restricted cash held in Indonesia	$ -	$ 209,167

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

4. GOVERNMENT DEPOSIT AND RECEIVABLE

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

During 2008 the Indonesian tax authorities conducted audits of the Company's Indonesian subsidiaries and in 2009, delivered assessments on several levels of withholding tax, employee withholding tax, corporate income tax and value added tax for the 2006 and 2007 tax years. The Company had paid deposits in Rupiah to have the tax appeals heard. The Company has confirmation that the appeals were in all cases successful, with the exception of one immaterial case that resulted in a deduction of less than $1,000 from the deposits paid. The Company has now received all refunds and deposits from the government, including approximately $27,000 in interest.

5. TRADE AND OTHER RECEIVABLES

	As at September 30, 2012	As at December 31, 2011
Amounts receivable – employee advances	$ 39,945	$ 20,352
Amounts receivable – JV partner employee advances	18,249	-
Amounts receivable – other receivables including VAT	73,568	65,422
Amounts receivable – due from JV partners	407,372	-
Amounts receivable – prepayments	-	25,898
Amounts receivable – JV partner prepayments	97,999	-
Total	$ 637,133	$ 111,672

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

6. PROPERTY, PLANT AND EQUIPMENT

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

	Balance as of December 31, 2011	Additions	Recoveries	Balance as of September 30, 2012
At cost:				
Property, plant and equipment	$ 422,716	$ 113,751	$ (92,493)	$ 443,974
Accumulated depreciation:				
Property, plant and equipment	410,530	$ 6,986	$ -	417,516
Net book value	$ 12,186			$ 26,458

7. TRADE AND OTHER PAYABLES

Falling due within the next twelve months	As at September 30, 2012	As at December 31, 2011
Trade and other payables	$ 101,034	$ 330,040
Trade and other payables in Indonesia to be paid with cash held for use on joint venture projects	1,620,655	343,742
Working capital held in excess of KSK-CoW and Jelai IUP expenditures	-	199,929
Trade and other payables owed to related parties	59,397	76,313
Total	$ 1,781,086	$ 950,024

8. SHARE CAPITAL AND RESERVES

a) Authorized share capital

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

b) Issued share capital

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

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

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

8. SHARE CAPITAL AND RESERVES *(continued)*

c) Stock Options

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

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

The weighted average remaining contractual life of the options outstanding as at September 30, 2012, was 3.0 years. All but 500,000 of the options are exercisable at September 30, 2012. The 500,000 options will vest and be exercisable by the holder on October 21, 2012.

d) Stock-based Compensation

During the nine month period ended September 30, 2012, the Company recorded $48,700 (2011 - $532,982) in non-cash stock-based compensation expense for options vesting in the period.

9. RELATED PARTY TRANSACTIONS

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

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Consulting fees – Golden Oak (CFO's company)	$ 29,319	$ 30,419	$ 88,225	$ 74,965
Consulting fees – Romfal (CEO's company)	25,000	13,000	55,000	17,600
Total	$ 54,319	$ 43,419	$ 143,225	$ 92,565

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

9. RELATED PARTY TRANSACTIONS *(continued)*

b) Compensation of key management personnel:

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

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Consulting fees	$ 54,319	$ 43,419	$ 143,225	$ 92,565
Salaries, wages and related costs (exploration and evaluation expenditures)	62,143	62,143	186,429	149,586
Directors fees to non-management directors	6,000	6,000	18,000	18,000
Share-based compensation	10,137	55,753	48,700	392,677
Total	$ 132,599	$ 167,315	$ 396,354	$ 668,728

10. 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 cash disclosed in Note 3, all of the Company’s significant assets are held in Indonesia.