



Kalimantan
GOLD
Corporation Limited

First Quarter Report

For the three months ended March 31, 2014



Kalimantan GOLD

Corporation Limited

Management Discussion and Analysis

For the three month period ended March 31, 2014

(In United States dollars, unless otherwise noted)

(unaudited)

Kalimantan Gold Corporation Limited
MANAGEMENT DISCUSSION AND ANALYSIS
For the three month period ended March 31, 2014

Date

The following is management's discussion and analysis of the results of operations and financial conditions ("MD&A") of Kalimantan Gold Corporation Limited (the "Company" or "Kalimantan Gold") and should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements and related notes thereto for the three months ended March 31, 2014, (the "Financial Report") and with the audited consolidated financial statements and management discussion and analysis for the year ended December 31, 2013, and 2012, all of which are available on the SEDAR website at www.sedar.com.

All financial information in this MD&A related to 2014 and 2013 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 May 29, 2014.

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 Pounds Sterling 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 Izin Usaha Pertambangan (the "Jelai IUP") epithermal gold prospect in North Eastern Kalimantan.

The holder of the KSK CoW is PT Kalimantan Surya Kencana ("KSK"). Kalimantan Gold holds 100% of the shares of Indokal Limited ("Indokal"). KSK is owned 75% by Indokal and 25% by PT Pancaran Cahaya Kahayan ("PCK"). Indokal owns 100% of PCK.

The KSK CoW was granted April 28, 1997 between the Republic of Indonesia and KSK as a 6th generation CoW. The terms of the KSK CoW defines several periods under which work done on the KSK CoW will fall. The KSK CoW is now confirmed as being in the 5th year of the Exploration Period until April 28, 2014. The Company has applied under Article 23 of the KSK CoW for a 6th year extension of the exploration period. This request has been accepted by the Ministry of Mines and the formal extension letter is in process. The period following Exploration is the Feasibility Study Period which runs for not less than two years, is extendable, and provides time to complete studies and identify the mining area.

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, either by underground mining or by applying to change the forestry permit. On March 12, 2012 (as amended April 8, 2013), KSK received a 2-year forestry permit granting permission to explore certain areas of the KSK CoW. On December 2, 2013, the Company applied for a 2-year renewal of the forestry permit for a total area of 7,688ha of which 170.25ha falls within the Hutan Lindung. This 7,688ha area covers all of the main prospect areas within the KSK CoW. This renewal has been processed and is expected to be issued shortly.

On April 18, 2011, as amended on May 31, 2012, the Company entered into a joint venture agreement (the "KSK Agreement") with Surya Kencana LLC ("SK LLC"), a wholly-owned subsidiary of Freeport-

Kalimantan Gold Corporation Limited
MANAGEMENT DISCUSSION AND ANALYSIS
For the three month period ended March 31, 2014

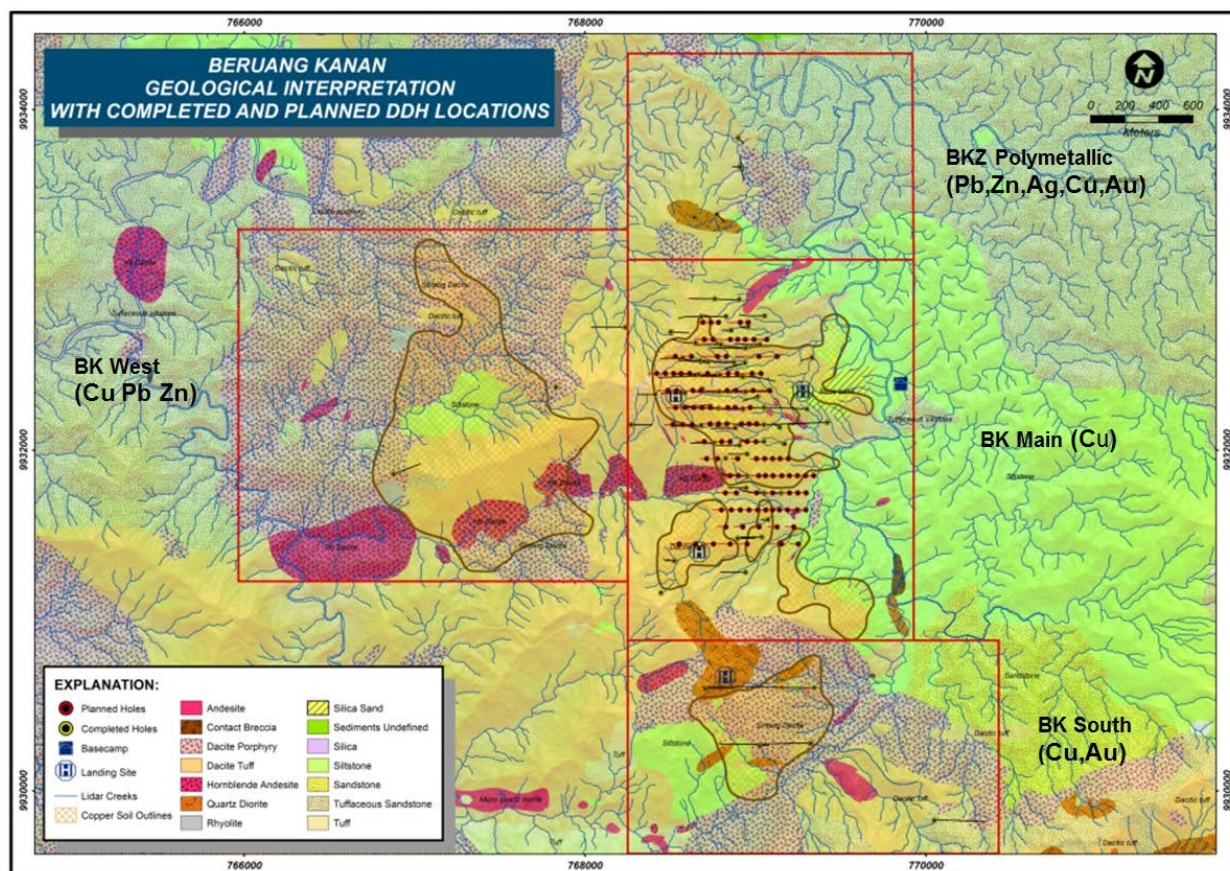
McMoRan Exploration Corporation ("Freeport") in relation to the KSK CoW. Notice was received from SK LLC on December 30, 2013, of their withdrawal from the KSK Agreement effective January 31, 2014. SK LLC has therefore forfeited its right to the shares of Indokal. However, SK LLC will retain the right to a royalty of 1% over the property, capped to a maximum of the total expenditures of approximately US\$35 million made by SK LLC on the project.

The holder of the Jelai IUP is PT Jelai Cahaya Minerals ("JCM"). A wholly-owned subsidiary of the Company, KLG Singapore Private Limited, holds 99.3% of the shares of JCM. The remaining 0.7% continues to be held for the benefit of Kalimantan Gold by the same two nominee shareholders who previously held 100% of JCM.

The highlights for the three month period ended March 31, 2014 and up to the date of this report include:

- Kalimantan Gold regained 100% Control of its' KSK CoW, and more importantly the company's flagship Beruang Kanan Project (BKP);
- Activities during the quarter focused on data compilation, quality assurance and quality control and prospect evaluations. Much of the focus was on the four prospects located within BKP, namely BK Main (Cu-Ag), BK South (Cu-Au), BK West (Cu-Pb-Zn) and the most northerly BKZ Polymetallic (Pb-Zn-Ag-Au-Cu) prospect (map below);
- Analysis of the final results of an airborne gravity survey over the KSK CoW has identified over 15 geophysical targets, of which 5 are considered high priority and are coincident with surface geochemical anomalies. The most prominent gravity target is at BKP, characterized by a 4.5km "banana shaped" gravity high that encompasses BK West (BKW) and BK Main (BKM). The soil anomaly at BKM is multi-element and measures approximately 1,200 metres north to south by up to 1000 metres east-west, and is characterized by strong copper values in soils of up to 1,380ppm;
- To date, drilling at BKM has confirmed high grade copper mineralization located on at least two different stratigraphic horizons, the first occurs at surface and dips shallowly eastward and the second occurs at 150m depth. Mineralization and alteration styles are typical of those associated with VHMS systems; however there are similarities to high sulphidation and "Manto-type" deposits. The system has not been closed off and remains open in all directions;
- BKP is now recognized as a new emerging copper district in central Kalimantan and BKM is considered the company's most advanced-stage exploration project. More than 50% of Stage 1 delineation drilling completed BKM, and funds raised in 2014 will be exclusively used to finalize the stage 1 delineation drilling. Subject to funding, it is expected the company will announce a maiden National Instrument (NI) 43-101 compliant mineral resource estimate by Q1 2015;
- A desktop evaluation of the BKZ Polymetallic prospect (<800m from BKM) was also completed during the quarter. Although only three shallow holes were drilled, all intersected moderate to strong VHMS-style lead-zinc mineralization. The first hole (BKZ-1) intersected 16m @ 2.78%Pb, 5.75%Zn, 57.5g/t Ag, 0.64 g/t Au and 0.16% Cu, from 6m depth. A grid has been designed to cover the known BKZ Pb-Zn-Ag-Au-Cu showings, and grid soils will be collected at a spacing of 100m by 50m, covering an area of approximately 60 hectares. Kalimantan Gold plans to scout drill this area, in particular areas with strong lead-zinc soil anomalies, to test the overall potential; and
- Numerous discussions with both foreign and Indonesian companies progressing positively, with site visits conducted on both the company's KSK and Jelai projects to date.

Kalimantan Gold Corporation Limited
MANAGEMENT DISCUSSION AND ANALYSIS
 For the three month period ended March 31, 2014



Looking Ahead:

3D inversion modeling of airborne gravity and magnetic data is expected to assist in defining the extent of the Beruang Kanan VHMS-system and, combined with recent drilling results, will help Kalimantan Gold refine and focus future drilling programs.

With the withdrawal of SK LLC effective January 31, 2014, talks have begun with a number of Indonesian groups who had previously expressed interest in the KSK CoW during 2013. The Board continues to make contact with these parties and others to discuss possible partnerships and ways forward.

SK LLC funded over \$35 million of exploration expenditures since April 2011 on the KSK CoW, leaving the Company with a wealth of exploration data and multiple drill targets. During their involvement, over 30,000m of drilling was completed, over 28,000 samples were analyzed, 4,762 line kilometers of airborne geophysical surveys were completed, and 24,363 ha of the KSK CoW was covered with a high resolution Lidar imaging survey. A drill plan had been prepared to expand the identified zone of mineralization at Beruang Kanan where the two most recent drill holes, BK57 and BK58, both intersected significant mineralization, as discussed above.

With regard to the Jelai IUP, the Company announced that the Indonesian Ministry of Forestry granted JCM an extension to its Borrow and Use Exploration Forestry Permit (IPPKH). The permit, which is renewable, extends the authorization for the Company to conduct exploration activities until December 16, 2015. It covers all the existing permitted areas, namely the Mewet and ten of the other 12 Jelai IUP prospects, comprising 4,675 hectares of the 5,000 hectare IUP.

The Company has been in discussions with a number of major mineral companies regarding a potential joint venture or similar arrangement in respect of Jelai IUP. These discussions are continuing and some site visits have already been undertaken.

Corporate Social Responsibility (CSR) Program

Yayasan Tambuhak Sinta (“YTS”) has been funded by SK LLC, by way of an advance to KSK, until late 2014, to work in many of the Dayak villages located along the Kahayan River, just outside of the KSK CoW area. There are no Dayak villages located within the KSK CoW 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 2013 and early 2014, 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 CSR Program 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

SK LLC has funded these programs, in advance, until late in 2014.

Jelai

The Company has placed the Jelai project on care and maintenance while it analyzes the results of the 2012 program, and determines the next step for the project. The Company intends to seek a new funding partner to continue exploration on this project.

The Company has received a Clean and Clear certificate for JCM from the Ministry of Mines. The “Clean and Clear” status indicates the IUP has complete documents and no overlapping areas with other concessions. The license has satisfied the requirements of Law Number 4 Year 2009 and the Governmental Regulation Number 23 Year 2010, which relates to the overlapping of prevailing IUPs. For Clean and Clear IUP holders, the Government awards a Clean and Clear certificate.

Qualified Person

The Qualified Person responsible for the technical content and verification in this MD&A is Dr. Peter Pollard, a director of 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.

Kalimantan Gold Corporation Limited
MANAGEMENT DISCUSSION AND ANALYSIS
For the three month period ended March 31, 2014

Results of Operations

Results of operations for the three month period ended March 31, 2014

The Company incurred a loss for the three month period ended March 31, 2014, of \$178,652 (March 31, 2013 – profit of \$25,151).

The more notable differences between the fiscal periods were exploration costs, legal fees, management fees, and share-based compensation.

- Consultants: March 31, 2014 – \$56,780; (March 31, 2013 - \$95,478)
 During the current three-month period ended March 31, 2014, the Company has experienced reductions in consulting fees due to the withdrawal of Freeport from the KSK Agreement, and due to Company-initiated reductions in fees from other consultants.
- Exploration costs: March 31, 2014 – \$109,771; (March 31, 2013 - \$15,559)
 Gross exploration expenditures in the current 2014 fiscal quarter are significantly lower than in the comparative 2013 period (2014 - \$1,237,280; 2013 - \$4,354,051), as the effective date of Freeport's withdrawal from the KSK Agreement was January 31, 2014.
- Investor relations: March 31, 2014 – \$654; (March 31, 2013 - \$8,722)
 The Company has consciously curtailed the investor relations programs as part of a cash-conservation program in 2014.
- Legal fees: March 31, 2014 – \$2,435; (March 31, 2013 - \$20,066)
 The Company incurred legal fees in 2013 associated with the formation of the Singapore subsidiary and the related documentation required.
- Management fees: March 31, 2014 – (\$47,388); (March 31, 2013 – (\$219,815))
 Management fees relate to being the operator of the KSK CoW and are directly correlated with the magnitude of the gross exploration expenditures funded by our joint venture partners and our continuance as operator. During the three month periods ended March 31, 2014 and 2013, the Company earned management fees as operator pursuant to the KSK Agreement.
- Office and administrative services: March 31, 2014 – \$10,008; (March 31, 2013 - \$1,502)
 These costs tend to be cyclical in nature, and are expected to reach annual average levels during 2014. In addition, the Company now has a directors & officers liability insurance policy which adds costs to this cost category.
- Travel and accommodation: March 31, 2014 – \$nil; (March 31, 2013 - \$9,313)
 The Company has consciously curtailed its travel and accommodation spending as part of a cash-conservation program in 2014.

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, 2014 | 3 months ended December 31, 2013 | 3 months ended September 30, 2013 | 3 months ended June 30, 2013 | 3 months ended March 31, 2013 | 3 months ended December 31, 2012 | 3 months ended September 30, 2012 | 3 months ended June 30, 2012 |
|---|-------------------------------|----------------------------------|-----------------------------------|------------------------------|-------------------------------|----------------------------------|-----------------------------------|------------------------------|
| Total revenues | - | - | - | - | - | - | - | - |
| Profit (loss) for the quarter | (178,652) | (194,226) | (245,046) | 88,316 | 25,151 | 235,674 | 42,616 | (80,834) |
| Basic and diluted profit (loss) per share | (0.00) | (0.00) | (0.00) | 0.00 | 0.00 | 0.00 | 0.00 | (0.00) |

Kalimantan Gold Corporation Limited
MANAGEMENT DISCUSSION AND ANALYSIS
For the three month period ended March 31, 2014

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 quarter with \$973,464 in cash. Operating activities contributed \$37,399 in cash; investing activities contributed \$144,056 in cash and include \$271 recovered on sale of old equipment, and received funding for reclamation of \$120,000; and recorded \$1,942 of unrealized foreign exchange loss on cash balances, to end the quarter with \$1,156,861 in cash.

SK LLC has funded the community development programs, in advance, until late in 2014.

Management believes that the Company's cash on hand at March 31, 2014, is sufficient to fund discretionary 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

At the date of this MD&A, the Company has 11,225,000 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 likely be exercised, thereby contributing additional cash to the treasury. As of the date of this MD&A, none of the outstanding stock options are "in the money".

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.

Contingency

During 2011, the Indonesian tax authorities conducted an audit of JCM for the 2009 tax year. The majority of the review focused on the deductibility of expenditures in Indonesia and adjusted the tax loss carry forwards. The most material outcome from the audit related to the tax authorities deeming that the intercompany loans made by the Company to JCM should have had interest accrued at the rate of 8% per annum with withholding tax of 20%, therefore becoming payable to the Indonesian government. The Company believes the tax assessment is without basis. To have the appeal heard by the tax court, the Company was required to pay a deposit of Rp 440,139,447, an amount equal to the 2009 tax exposure as calculated by the tax authorities. The outcome of the tax appeal process and any tax assessments due and payable arising from that process is not determinable at this time.

Kalimantan Gold Corporation Limited
MANAGEMENT DISCUSSION AND ANALYSIS
For the three month period ended March 31, 2014

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 |
| Pollard Geological Services PTY Ltd. ("Pollard") | Non-executive Chairman and technical advisor |
| 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.

| | March 31, 2014 | March 31, 2013 |
|--|------------------|------------------|
| Consulting fees – Golden Oak (Corporate Secretary's company) | \$ 24,010 | \$ 26,127 |
| Consulting fees – Romfal (CEO's company) | 15,000 | 30,000 |
| Total | \$ 39,010 | \$ 56,127 |

- b) Compensation of key management personnel:

The remuneration of directors and other members of key management personnel, including amounts disclosed above, during the three month period ended March 31, 2014, and 2013 were as follows:

| | March 31, 2014 | March 31, 2013 |
|---|-------------------|-------------------|
| Consulting fees | \$ 39,010 | \$ 56,127 |
| Salaries, wages and related costs (exploration and evaluation expenditures) | 49,714 | 62,143 |
| Directors fees to non-management directors ⁽¹⁾ | 12,500 | 17,000 |
| Share-based compensation | - | - |
| Total | \$ 101,224 | \$ 135,270 |

(1) Includes \$8,000 accrued to Francis De Sousa for his eight-month tenure as a Director from August 2012 to March 2013.

At March 31, 2014, an amount of \$11,341 (December 31, 2013 - \$11,456) owed to key management personnel is included in trade and other payables.

Future Canadian Accounting Standards

Indefinitely postponed, with a proposed effective date of January 1, 2018:

New standard IFRS 9 *Financial Instruments*

Partial replacement of IAS 39 Financial Instruments: Recognition and Measurement. This standard simplifies the current measurement model for financial instruments under IFRS and establishes two measurement categories for financial assets: amortized cost, and fair value. The existing IAS 39 categories of loans and receivables, held to maturity investments, and available for sale financial assets will be eliminated.

The Company has not early adopted these revised standards and none of these are expected to have a material effect on the financial statements.

Kalimantan Gold Corporation Limited
MANAGEMENT DISCUSSION AND ANALYSIS
For the three month period ended March 31, 2014

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 | March 31, 2014 | December 31, 2013 |
|-----------------------------|--------------------------|-------------------|----------------------|
| Cash | FVTPL | \$ 1,156,861 | \$ 973,464 |
| Government deposit | Loans and Receivables | 38,673 | 36,110 |
| Trade and other receivables | Loans and Receivables | 116,594 | 268,460 |
| Trade and other payables | Other liabilities | 453,864 | 706,658 |

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 are Level 1 in the fair value categories. The carrying amounts of the government deposits, trade and other receivables, and trade and other payables approximate their fair value due to their short-term nature.

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

Credit Risk

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

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's current financial liabilities are anticipated to mature within the next sixty days, except the provision for community development which is expected to mature in the next 180-days.

Kalimantan Gold Corporation Limited
MANAGEMENT DISCUSSION AND ANALYSIS
For the three month period ended March 31, 2014

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.

Management believes the foreign exchange risk related to currency conversions are minimal and therefore, does not hedge its foreign exchange risk. Based upon the net exposures and assuming that all other variables remain constant, a 1% increase or decrease in the US dollar against the US dollar, RP, GBP, and AUS dollar, would result in a nominal change to profit or loss.

- 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

Kalimantan Gold Corporation Limited
MANAGEMENT DISCUSSION AND ANALYSIS
For the three month period ended March 31, 2014

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 and evaluation costs are described in Note 9 to the Financial Report.

Outstanding Share Data

At March 31, 2014, 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 | Stock Options |
|----------------------------------|---|--------------------------|
| Balance at March 31, 2014 | 171,407,156 | 11,225,000 |
| Balance at the date of this MD&A | 171,407,156 | 11,225,000 |

Risks

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 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.

In addition to the risks noted above in the "Financial instruments and Related Risks" section, information concerning risks specific to the Company and its industry, which are required to be included in this MD&A are incorporated by reference to the Company's MD&A for the year ended December 31, 2013.

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

Three months ended March 31, 2014 and 2013

(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 | March 31, 2014 | December 31, 2013 |
|---|--------|---------------------|----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash | 5 | \$ 1,156,861 | \$ 973,464 |
| Government deposit | 6 & 14 | 38,673 | 36,110 |
| Trade and other receivables | 7 | 116,594 | 268,460 |
| | | <u>1,312,128</u> | <u>1,278,034</u> |
| Non-current assets | | | |
| Security deposit | | 21,980 | 21,186 |
| Equipment | 8 | 208,806 | 244,964 |
| | | <u>\$ 1,542,914</u> | <u>\$ 1,544,184</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current liabilities | | | |
| Trade and other payables | 10 | \$ 453,864 | \$ 706,658 |
| Provision for employee service entitlements | | - | 178,059 |
| Provision for community development | 9 | 240,000 | - |
| Deferred funding | 9 | 222,631 | - |
| | | <u>916,495</u> | <u>884,717</u> |
| Non-current liabilities | | | |
| Provision for employee service entitlements | | 25,604 | - |
| Provision for reclamation | 9 | 120,000 | - |
| | | <u>145,604</u> | <u>-</u> |
| | | <u>1,062,099</u> | <u>884,717</u> |
| Shareholders' equity | | | |
| Share capital | 11 | 1,674,842 | 1,674,842 |
| Equity reserves | 11 | 25,675,245 | 25,675,245 |
| Deficit | | <u>(26,869,272)</u> | <u>(26,690,620)</u> |
| | | <u>480,815</u> | <u>659,467</u> |
| | | <u>\$ 1,542,914</u> | <u>\$ 1,544,184</u> |
| Nature of operations and going concern | 1 | | |
| Commitments | 13 | | |
| Contingency | 14 | | |

These condensed consolidated interim financial statements are authorized for issue on behalf of the Board of Directors on May 29, 2014.

They are signed on the Company's behalf by:

/s/ Peter Pollard
Peter Pollard
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 PROFIT and LOSS
(unaudited - expressed in United States dollars, unless otherwise noted)

| | Note | For the three months ended | |
|---|------|----------------------------|--------------------|
| | | March 31, 2014 | March 31, 2013 |
| Expenses | | | |
| Accounting and audit | | \$ 760 | \$ 881 |
| Consultants | 13 | 56,780 | 95,478 |
| Directors fees | | 12,500 | 14,000 |
| Exploration and evaluation expenditures, net | 9 | 109,771 | 15,559 |
| Investor relations | | 654 | 8,722 |
| Legal | | 2,435 | 20,066 |
| Management fees | 9 | (47,388) | (219,815) |
| Office and administrative services | | 10,008 | 1,502 |
| Telephone and facsimile | | 180 | 934 |
| Transfer agent, filing and exchange fees | | 22,431 | 27,190 |
| Travel and accommodation | | - | 9,313 |
| | | <u>168,131</u> | <u>(26,170)</u> |
| Other items | | | |
| Foreign exchange loss | | (10,699) | (1,211) |
| Interest income | | 178 | 192 |
| | | <u>(10,521)</u> | <u>(1,019)</u> |
| Profit (loss) and comprehensive profit (loss) for the period | | <u>\$ (178,652)</u> | <u>\$ 25,151</u> |
| Basic and diluted profit (loss) per common share | | <u>\$ (0.00)</u> | <u>\$ 0.00</u> |
| Weighted average number of shares outstanding | | <u>171,407,156</u> | <u>171,407,156</u> |

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)

| | For the three months ended | |
|---|----------------------------|---------------------|
| | March 31, 2014 | March 31, 2013 |
| Cash provided from (used for): | | |
| Operating activities | | |
| Profit (loss) for the period | \$ (178,652) | \$ 25,151 |
| Adjustment for non-cash items: | | |
| Depreciation | 35,887 | 11,013 |
| Unrealized foreign exchange gain | (3,480) | (3,073) |
| Changes in non-cash working capital: | | |
| Deferred funding | 222,631 | - |
| Provision for employee service entitlements | (178,059) | - |
| Provision for community development | 240,000 | - |
| Trade and other receivables | 151,866 | 115,509 |
| Trade and other payables | (252,794) | (1,899,574) |
| | <u>37,399</u> | <u>(1,750,974)</u> |
| Investing activities | | |
| Purchase of equipment | - | (240,823) |
| Recovery of equipment | 271 | 99,805 |
| Provision for employee service entitlements | 23,785 | - |
| Provision for reclamation | 120,000 | - |
| | <u>144,056</u> | <u>(141,018)</u> |
| Unrealized foreign exchange loss on cash | <u>1,942</u> | <u>1,994</u> |
| Increase / (decrease) in cash | 183,397 | (1,889,998) |
| Cash, beginning of the period | 973,464 | 3,058,382 |
| Cash, end of the period | \$ 1,156,861 | \$ 1,168,384 |
| Supplementary information: | | |
| Interest paid | \$ - | \$ - |
| Income taxes paid | - | - |

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, January 1, 2013 | 171,407,156 | \$ 1,674,842 | \$ 25,438,612 | \$ (26,364,815) | \$ 748,639 |
| Profit (loss) and comprehensive profit (loss) for the period | - | - | - | 25,151 | 25,151 |
| Balance, March 31, 2013 | 171,407,156 | \$ 1,674,842 | \$ 25,438,612 | \$ (26,339,664) | \$ 773,790 |

| | Number of shares | Amount | Equity reserves | Deficit | Total |
|--|------------------|--------------|-----------------|-----------------|------------|
| Balance, January 1, 2014 | 171,407,156 | 1,674,842 | 25,675,245 | (26,690,620) | 659,467 |
| Loss and comprehensive loss for the period | - | - | - | (178,652) | (178,652) |
| Balance, March 31, 2014 | 171,407,156 | \$ 1,674,842 | \$ 25,675,245 | \$ (26,869,272) | \$ 480,815 |

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

Kalimantan Gold Corporation Limited

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2014

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

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 (“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 March 31, 2014, comprise the Company and its subsidiaries. The Company is the ultimate parent. The Company’s principal mineral property interests are located in Kalimantan, 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 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 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 March 31, 2014, is sufficient to fund discretionary 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 consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

2. BASIS OF PRESENTATION

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”). Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual consolidated financial statements as at and for the year ended December 31, 2013. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”).

Kalimantan Gold Corporation Limited

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2014

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

2. BASIS OF PRESENTATION *(continued)*

b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Functional and presentation currency

The presentation currency of the Company is the United States dollar.

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency") and has been determined for each entity within the Company. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 *The Effects of Changes in Foreign Exchange Rates* ("IAS 21").

d) Use of estimates and judgments

The preparation of the condensed consolidated interim 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.

In preparing these condensed consolidated interim financial statements, significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

- a) The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company as at and for the year ended December 31, 2013, with the addition of these new standards, interpretations, and amendments adopted on January 1, 2014:

Amendments to IAS 32 *Financial Instruments: Presentation*

The amendments to the disclosure requirements in IFRS 7 *Financial Instruments: Disclosure* require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32.

- b) Indefinitely postponed, with a proposed effective date of January 1, 2018

New standard IFRS 9 *Financial Instruments*

Partial replacement of IAS 39 *Financial Instruments: Recognition and Measurement*. This standard simplifies the current measurement model for financial instruments under IFRS and establishes two measurement categories for financial assets: amortized cost, and fair value. The existing IAS 39 categories of loans and receivables, held to maturity investments, and available for sale financial assets will be eliminated.

The Company has not early adopted these revised standards and none of these are expected to have a material effect on the financial statements.

Kalimantan Gold Corporation Limited

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2014

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

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of Financial Assets and Financial Liabilities – All financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; available-for-sale; or other liabilities, and the classification of the financial instruments is consistent with those disclosed in the consolidated financial statements as at and for the year ended December 31, 2013.

Financial Risk Management - All aspects of the Company's risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended December 31, 2013.

5. CASH

| | As at March 31, 2014 | As at December 31, 2013 |
|--|-------------------------|----------------------------|
| Canadian dollar denominated cash held in Canada | \$ 51,298 | \$ 45,633 |
| US dollar denominated cash held in Canada | 607,974 | 451,604 |
| US dollar and Rupiah cash held in Indonesia | 497,589 | 112,664 |
| | <u>916,861</u> | <u>609,901</u> |
| US dollar Cash held in Canada exclusively for use on joint venture projects | - | 363,563 |
| Cash | <u>\$ 1,156,861</u> | <u>\$ 973,464</u> |

6. GOVERNMENT DEPOSIT

| | As at March 31, 2014 | As at December 31, 2013 |
|---|-------------------------|----------------------------|
| Deposits paid to file tax appeals | \$ 48,415 | \$ 48,415 |
| Foreign exchange movement on deposit | (9,742) | (12,305) |
| Current deposits paid to file tax appeals | <u>\$ 38,673</u> | <u>\$ 36,110</u> |

During fiscal 2012, the Company paid deposits of \$38,673 (Rp 440,139,447) to have tax appeals heard for the 2009 tax year. See Note 14.

7. TRADE AND OTHER RECEIVABLES

| | As at March 31, 2014 | As at December 31, 2013 |
|---|-------------------------|----------------------------|
| Amounts receivable – employee advances | \$ 11,989 | \$ 11,524 |
| Amounts receivable – other receivables | 49,068 | 36,724 |
| Amounts receivable – prepayments | 55,537 | 4,554 |
| | <u>116,594</u> | <u>52,802</u> |
| Amounts receivable – due from JV partners | - | 171,765 |
| Amounts receivable – JV partner prepayments | - | 43,893 |
| Total | <u>\$ 116,594</u> | <u>\$ 268,460</u> |

Kalimantan Gold Corporation Limited

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2014

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

8. EQUIPMENT

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

| | Balance as of December 31, 2013 | Additions | Sale of assets | Balance as of March 31, 2014 |
|---------------------------|---------------------------------------|-----------|-------------------|------------------------------------|
| At cost: | | | | |
| Equipment | \$ 605,629 | \$ - | \$ (271) | \$ 605,358 |
| Accumulated depreciation: | | | | |
| Equipment | 360,665 | \$ 35,887 | \$ - | 396,552 |
| Net book value | \$ 244,964 | | | \$ 208,806 |

9. EXPLORATION AND EVALUATION ASSETS and EXPENDITURES

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.

The details of exploration expenditures expensed during the period ended March 31, 2014, and 2013 are as follows:

| | For the period ended | |
|-------------------------------------|----------------------|-------------------|
| | March 31, 2014 | March 31, 2013 |
| KSK CoW | | |
| Exploration costs during the period | | |
| Community development (1) | \$ 368,287 | \$ 187,043 |
| Consultants and contractors | 152,624 | 560,568 |
| Contracted drilling | - | 1,015,019 |
| Equipment rental recoveries | - | (38,140) |
| Field support | 61,932 | 387,221 |
| Land tax and dead rent | 21,525 | - |
| Reclamation costs (2) | 120,000 | - |
| Salaries, wages and related costs | 203,134 | 538,892 |
| Sample preparation and analysis | 57,466 | 131,553 |
| Supplies and equipment | 31,990 | 285,594 |
| Taxation | 11,524 | 205,569 |
| Transport (including helicopters) | 137,698 | 969,241 |
| Travel and accommodation | 33,518 | 58,289 |
| | 1,199,698 | 4,300,849 |
| Depreciation | 34,710 | 9,341 |
| Current period exploration | 1,234,408 | 4,310,190 |
| Recovery from funding partner | (1,127,509) | (4,338,492) |
| Current period net exploration | 106,899 | (28,302) |

<table continues on next page>

Kalimantan Gold Corporation Limited

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2014

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

9. EXPLORATION AND EVALUATION ASSETS *(continued)*

| | For the period ended | |
|--|----------------------|-------------------|
| | March 31, 2014 | March 31, 2013 |
| Jelai | | |
| Exploration costs during the period | | |
| Community development | \$ - | \$ - |
| Consultants and contractors | 272 | 9,928 |
| Contracted drilling | - | - |
| Field support | (1,338) | 4,291 |
| Land tax and dead rent | - | - |
| Road and bridge repairs | - | - |
| Salaries, wages and related costs | 2,006 | 18,065 |
| Sample preparation and analysis | - | - |
| Supplies and equipment | - | - |
| Taxation | 85 | 2,657 |
| Transport (including helicopters) | - | - |
| Travel and accommodation | 670 | 7,248 |
| | <u>1,695</u> | <u>42,189</u> |
| Depreciation | 1,177 | 1,672 |
| | <u>2,872</u> | <u>43,861</u> |
| Current period exploration | 2,872 | 43,861 |
| Recovery from funding partner | - | - |
| Current period net exploration | <u>2,872</u> | <u>43,861</u> |
| | | |
| Total current period exploration | 109,771 | 15,559 |
| Cumulative exploration expenditures | | |
| included in the deficit, beginning of the period | <u>20,415,151</u> | <u>20,325,903</u> |
| Cumulative exploration expenditures | | |
| included in the deficit, end of the period | \$ 20,524,922 | \$ 20,341,462 |

(1) – includes provision of \$240,000 for community development funded in advance by Surya Kencana LLC

(2) – includes provision of \$120,000 for future reclamation costs funded in advance by Surya Kencana LLC

On April 18, 2011, as amended on May 31, 2012, 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 ("Freeport") in relation to the KSK CoW. Notice was received from SK LLC on December 30, 2013, of their withdrawal from the KSK Agreement effective January 31, 2014. SK LLC has therefore forfeited its right to the shares of Indokal. However, SK LLC will retain the right to a royalty of 1% over the property, capped to a maximum of the total expenditures of approximately US\$35 million made by SK LLC on the project. SK LLC has funded \$222,631 of expenditures that are expected to be incurred during the next several months. The deferred funding for those expenditures will be drawn down as those expenditures occur.

The holder of the Jelai IUP is PT Jelai Cahaya Minerals ("JCM"). A wholly-owned subsidiary of the Company, KLG Singapore Private Limited, holds 99.3% of the shares of JCM. The remaining 0.7% continues to be held for the benefit of Kalimantan Gold by the same two nominee shareholders who previously held 100% of JCM.

Kalimantan Gold Corporation Limited

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2014

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

10. TRADE AND OTHER PAYABLES

| Falling due within the next twelve months | As at March 31, 2014 | As at December 31, 2013 |
|---|-------------------------|----------------------------|
| Trade and other payables | \$ 442,523 | \$ 160,872 |
| Trade and other payables owed to related parties ⁽¹⁾ | 11,341 | 11,456 |
| | 453,864 | 172,328 |
| Trade and other payables in Indonesia to be paid with cash held for use on joint venture projects | - | 534,330 |
| Total | \$ 453,864 | \$ 706,658 |

(1) Related parties include officers and directors of the Company.

11. SHARE CAPITAL AND RESERVES

a) Authorized share capital

At March 31, 2014, and December 31, 2013, 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 March 31, 2014, the issued share capital comprised 171,407,156 common shares (December 31, 2013 – 171,407,156).

b) Issued share capital

A summary of changes in share capital and reserves is contained in the Consolidated Statement of Changes in Equity, for the three month period ended March 31, 2014, and 2013.

Fiscal 2014

There were no changes to the issued and outstanding share capital of the Company during the three months ended March 31, 2014.

Fiscal 2013

There were no changes to the issued and outstanding share capital of the Company during the three months ended March 31, 2013.

c) Stock Options

The Company has a shareholder approved “rolling” stock option plan (the “Plan”) in compliance with TSX-V 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.

Kalimantan Gold Corporation Limited

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2014

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

11. SHARE CAPITAL AND RESERVES (continued)

c) Stock Options (continued)

The continuity of stock options for the three month period ended March 31, 2014, is as follows:

| Expiry date | Exercise price Cdn \$ | Balance, December 31, 2013 | Granted | Exercised | Expired | Balance, March 31, 2014 |
|---------------------------------------|--------------------------|----------------------------------|---------|-----------|---------|-------------------------------|
| 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 |
| July 1, 2018 | \$ 0.10 | 5,950,000 | - | - | - | 5,950,000 |
| | | 11,225,000 | - | - | - | 11,225,000 |
| Weighted average exercise price Cdn\$ | | | | | | |
| | \$ | 0.10 | \$ | - | \$ | - |
| | | | \$ | - | \$ | - |
| | | | | | | \$ 0.10 |

The weighted average remaining contractual life of the options outstanding as at March 31, 2014, was 3.23 years. All of the outstanding options are exercisable at March 31, 2014.

d) Stock-based Compensation

Fiscal 2014:

During the three month period ended March 31, 2014, the Company recorded \$nil in non-cash stock-based compensation expense for options vesting in the period.

Fiscal 2013:

During the three month period ended March 31, 2013, the Company recorded \$nil in non-cash stock-based compensation expense for options vesting in the period.

12. 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 ("CEO") |

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

| | March 31, 2014 | March 31, 2013 |
|--|----------------|----------------|
| Consulting fees – Golden Oak (Corporate Secretary's company) | \$ 24,010 | \$ 26,127 |
| Consulting fees – Romfal (CEO's company) | 15,000 | 30,000 |
| Total | \$ 39,010 | \$ 56,127 |

Kalimantan Gold Corporation Limited

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2014

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

12. 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 12(a), during the three month period ended March 31, 2014, and 2013 were as follows:

| | March 31, 2014 | March 31, 2013 |
|---|----------------|----------------|
| Consulting fees | \$ 39,010 | \$ 56,127 |
| Salaries, wages and related costs (exploration and evaluation expenditures) | 49,714 | 62,143 |
| Directors fees to non-management directors ⁽¹⁾ | 12,500 | 17,000 |
| Share-based compensation | - | - |
| Total | \$ 101,224 | \$ 135,270 |

(1) Includes \$8,000 accrued to Francis De Sousa for his eight-month tenure as a Director from August 2012 to March 2013.

13. COMMITMENTS

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

RFC Ambrian Limited ("RFC") is the Company's Nomad for the purpose of the AIM Rules. During the three month period ended March 31, 2014, the Company paid or accrued \$9,323 (AUD\$10,000) in consulting fees to RFC. During the comparative 2013 period, the Company paid or accrued \$16,510 (AUD\$15,000) in consulting fees to RFC. The Company expects to incur costs in fiscal 2014 of AUD\$40,000 to retain RFC.

VSA Capital ("VSA") is the Company's Broker for the purpose of the AIM Rules. During the three month period ended March 31, 2014, the Company paid or accrued a total of \$6,653 (£3,750) as consulting fees to our AIM Broker. The Company expects to incur costs in fiscal 2014 of £15,000 to retain VSA.

14. CONTINGENCY

During 2011, the Indonesian tax authorities conducted an audit of JCM for the 2009 tax year. The majority of the review focused on the deductibility of expenditures in Indonesia and adjusted the tax loss carry forwards. The most material outcome from the audit related to the tax authorities deeming that the intercompany loans made by the Company to JCM should have had interest accrued at the rate of 8% per annum with withholding tax of 20%, therefore becoming payable to the Indonesian government. The Company believes the tax assessment is without basis. To have the appeal heard by the tax court, the Company was required to pay a deposit of Rp 440,139,447, an amount equal to the 2009 tax exposure as calculated by the tax authorities. The tax appeal is ongoing, and the outcome of the process and any tax assessments due and payable arising from that process is not determinable at this time.

15. SEGMENT DISCLOSURES

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

With the exception of the cash disclosed in Note 5, all of the Company's significant assets are held in Indonesia.