Kalimantan GOLD
Corporation Limited

Third Quarter Report

For the nine months ended September 30, 2014

Kalimantan GOLD Corporation Limited

Management Discussion and Analysis

For the nine month period ended September 30, 2014

(In United States dollars, unless otherwise noted)

(unaudited)

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" 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, 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 November 26, 2014.

Overview

Description of the Business

Kalimantan Gold Corporation Limited was 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.

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 was granted a net smelter return 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 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 define several periods under which work done on the KSK CoW will fall. The Company has made the required submissions to the Ministry of Energy and Mineral Resources (the "Ministry") to extend the exploration period of the CoW for a further one year term beyond April 28, 2014. This request has been received by the Ministry of Mines and the formal extension letter is expected soon. The period following exploration is the feasibility study period which may run for two years, 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 property 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 is being processed now, and is expected to be issued in due course.

KSK has recently applied to the Ministry to recognize a suspension in operations (a hiatus of activities) until further notice as allowable and outlined in clause 23.3.(ii) of the CoW. The KSK CoW is officially in its 4th year of existence following a number of previously granted suspensions (the KSK CoW has been granted for a minimum of 38 years). KSK has applied for the current suspension for two reasons, the first being that SK LLC, who was funding operations withdrew from the KSK Agreement in January 2014 and secondly that KSK is waiting on the renewal of its forestry working permits (Ijin Pinjam Pakai Kawasan Hutan, or IPPKH) allowing it to work within production and protected forest. KSK has also applied to extend the recognized exploration period of the CoW for a year (to April 2015) as allowable and outlined under Article 23.3(ii) of the CoW. These requests are considered and granted at the discretion of the Ministry. The KSK CoW is in good standing regarding meeting expenditure social and environmental commitments and KSK is of the belief that the Ministry will look favorably upon their requests and grant both the suspension of activities and extension of exploration period. KSK is also of the opinion that there is no reason that their permit to work within a production forest will not be renewed for a further 2 year period.

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 for the benefit of Kalimantan Gold.

The highlights for the three month period ended September 30, 2014 and up to the date of this report include:

- KLG announced on November 26, 2014, that it has signed a non-binding letter of intent with Tigers Realm Copper Pty Ltd., a private Australian corporation within the Tigers Realm Group of companies, to purchase Tigers’ interest in the Beutong copper-gold project, Sumatra, Indonesia. The consideration for this acquisition will be the issue of 171,407,156 KLG common shares and 14,675,000 KLG share purchase warrants (more information below);

- KLG has filed a NI 43-101 compliant technical report supporting the independently estimated maiden resource for the Main Zone of the Beruang Kanan (“BKM”) prospect within the Company’s 100% held KSK CoW. The report is titled “Beruang Kanan Main Zone, Kalimantan Indonesia: 2014 Resource Estimate Report”, prepared by Duncan Hackman (B.App.Sc., MSc, MAIG) of Hackman and Associates Pty. Ltd. with an effective date of September 30, 2014. Mr. Hackman is an independent consulting geologist based in Perth, Australia. He has wide international experience in mining and mineral exploration and has completed numerous mineral resource estimates on copper deposits. He is a member of the Australian Institute of Geoscientists and an Independent Qualified Person within the meaning of NI 43-101;

- Highlights of the Beruang Kanan report include:

    - Inferred Resource of 47 million tonnes averaging 0.6% Cu or 621,700,000 pounds of copper (reporting cut 0.2% Cu);

    - Mineral Resource estimate is only for the Main Zone, a portion of the Beruang Kanan mineralized area and is based on assays from 74 diamond drill core holes that were drilled from 1998 to 2007 and then from 2012 to 2013;

- The Mineral Resource is contained within a near-surface, shallow-dipping and strongly mineralized system, that extends over an area of 1000m (N-S) and 950m (E-W) with depth extents ranging from surface to between 100m and 450m below surface (top to bottom). The mineralization remains open in several directions; and

- Other priority targets in the BKM project area have been identified at Beruang Kanan South, Beruang Kanan West, Beruang Kanan Polymetallic North, Beruang Kanan Polymetallic South and the Low Zone prospects; each within 1.5km of the BKM Inferred Mineral Resource.

- The Company is in discussions with the Government of Indonesia to amend the KSK CoW. The six points being discussed include, 1) royalties; 2) size of CoW in Exploration vs. Production; 3) domestic processing; 4) divestment obligations; 5) State Revenues; and 6) prioritize the use of local manpower and local products. Continued progress is being made and we are encouraged by our discussions with the Indonesian Government.

Non-binding letter of intent with Tigers Realm Copper Pty Ltd.

The Company announced on November 26, 2014, that it has signed a non-binding letter of intent ("LOI") with Tigers Realm Copper Pty Ltd. ("Tigers"), a private Australian corporation within the Tigers Realm Group of companies, to purchase Tigers' interest in the Beutong copper-gold project, Sumatra, Indonesia ("Beutong"). A technical report compliant with NI 43-101 to support the Beutong Mineral Resource will be published on Sedar and announced by January 9, 2015.

Highlights of the proposed acquisition include:

- Agreement terms reached to acquire Tigers' interest in Beutong
- Beutong's Mineral Resource on a 100% basis comprises:
    - Measured and Indicated Resources of 93Mt at 0.61% Cu, 0.13ppm Au, 1.97ppm Ag and 97ppm Mo (0.3% Cu Reporting Cut) for contained metal of 1,241MIbs copper, 373koz gold, 5,698koz silver and 20MIbs molybdenum (0.3% Cu Reporting Cut); and
    - Inferred Resources of 418Mt at 0.45% Cu, 0.13ppm Au, 1.11ppm Ag and 129ppm Mo (0.3% Cu Reporting Cut) for contained metal of 4,092MIbs copper, 1,746koz gold, 14,903koz silver and 112MIbs molybdenum (0.3% Cu Reporting Cut)
- Beutong's Mineral Resource on a relevant attributable 40% interest basis comprises:
    - Measured and Indicated Resources of 38Mt at 0.61% Cu, 0.13ppm Au, 1.97ppm Ag and 97ppm Mo (0.3% Cu Reporting Cut) for contained metal of 496MIbs copper, 149koz gold, 2,279koz silver and 8MIbs molybdenum (0.3% Cu Reporting Cut); and
    - Inferred Resources of 167Mt at 0.45% Cu, 0.13ppm Au, 1.11ppm Ag and 129ppm Mo (0.3% Cu Reporting Cut) for contained metal of 1,637MIbs copper, 698koz gold, 5,961koz silver and 45MIbs molybdenum (0.3% Cu Reporting Cut)
- Complementary asset combination. Small-medium scale, near surface copper opportunity at KLG's Beruang Kanan with potential to be the starter project, a large copper-gold growth option at Beutong, and a highly prospective copper and gold exploration portfolio
- Highly experienced resource industry CEO Tony Manini to join KLG as Deputy Chairman and CEO
- Extensive project evaluation, mine development and financing capability and experience available to KLG team
- Establishes a strong copper and gold portfolio close to key growth markets in the Asian region
- Diversifies shareholder base and expands funding options for KLG
- Capital raising of at least US$3 million to fund ongoing drilling and studies. Consistent news flow anticipated

The principal terms of the LOI provide that during a 20 day due diligence period ("Due Diligence Period") the parties will negotiate a definitive agreement pursuant to which KLG will purchase all of the shares of Tigers Copper Singapore No. 1 Pte Ltd., a wholly owned subsidiary of Tigers which holds Tigers' interest in Beutong. The consideration for this acquisition will be the issue of 171,407,156 KLG common shares ("Consideration Shares") and 14,675,000 KLG share purchase warrants, such that the weighted average exercise price of the warrants is the same as the current weighted average exercise price per KLG option being, C$0.09 ("Consideration Warrants"). On completion of this acquisition KLG will issue the Consideration Shares and Consideration Warrants to Tigers which will procure the distribution of the Consideration Shares to the shareholders in the ultimate parent company of Tigers being Tigers Realm Metals Pty Ltd ("TRM Parent") on a pro-rata basis and the Consideration Warrants to TRM Parent's option holders on a pro-rata basis.

Completion of the transaction will be subject to satisfaction of a number of conditions, including, but not limited to receipt of applicable regulatory approvals and KLG completing a concurrent equity placement for gross proceeds of not less than US$3 million at a price to be determined in the context of the market and as agreed by the parties ("Capital Raising"). The Capital Raising is subject to compliance with applicable securities laws and to receipt of regulatory approval. The Company reserves the right to increase the size of the Capital Raising.

It is intended that the proceeds of the Capital Raising will be used to fund the Company's next phase of infill and expansion drilling and metallurgical studies at KLG's Beruang Kanan prospect and on finalizing conversion of the Beutong Izin Usaha Pertambangan ("IUP") from an exploration IUP to an exploitation IUP, as well as for general working capital purposes.

TRM Parent will lend KLG the funds required to fund KLG's 50% share of due diligence and transaction related costs and expenses on the basis of an interest free loan only repayable from the proceeds of the Capital Raising ("Due Diligence Loan").

Separate to the Due Diligence Loan, TRM Parent will also provide KLG with a US$250,000 interest free loan ("TRM Parent Loan") upon the completion of various conditions precedent by the end of the Due Diligence Period. The TRM Parent Loan will be used to fund the ongoing operating expenses of KLG and its subsidiaries in order to sustain operations at the same level as existed during the Due Diligence Period. The TRM Parent Loan will be repayable in cash from the proceeds of the Capital Raising, and, subject to regulatory approval, in KLG shares if the Capital Raising is not completed.

On closing the acquisition, current TRM Parent director Tony Manini will be appointed as the Deputy Chairman and Chief Executive Officer of KLG in place of Faldi Ismail who will remain as a director of KLG. Current director of KLG Stephen Hughes will become the VP Exploration and Mansur Geiger will become VP Indonesia for KLG. Mr Manini's remuneration level and conditions will be determined according to industry standards and market conditions.

Tony Manini has over 28 years of industry experience including 14 years with Rio Tinto and 9 years at Oxiana/OZ Minerals where he was a founding member and senior executive. Tony is a founding member of the Tigers Realm Group, a co-founder of EMR Capital and executive chairman of Tigers Realm Coal. He has a significant exploration discovery record and a long and successful operating background in Asia. The Tigers Realm Group is widely known and strongly supported in mining and metals markets globally and has raised more than A$150 million for exploration and development funding in the past five years.

Beutong Overview

The Beutong Project is located within the Beutong IUP located in Aceh in Indonesia, some 60 kilometres inland from the coastal city of Meulaboh on the island of Sumatra.

The Beutong IUP is held by PT Emas Mineral Murni ("PT EMM"), a company registered in Indonesia. PT EMM is owned 80% by Beutong Resources Pte Ltd. ("BR"), a company registered in Singapore. Tigers Copper Singapore No. 1 Pte Ltd. (the "Optionholder" and the Company that KLG will acquire) owns 50%

of the shares of BR (for an effective 40% interest in the Beutong IUP). Pursuant to an option joint venture agreement the Optionholder can increase its shareholding in BR to 100% by completing expenditure and development milestones so that it can ultimately hold an effective 80% interest in the Beutong IUP.

Beutong Highlights

- Large scale copper-gold-molybdenum resource with a high grade core and potential for significant additional upside
- The Beutong IUP covers two porphyry copper-gold-molybdenum prospects - West and East Porphyries and the Beutong Skarn (copper-gold)
- Excellent infrastructure exists with major road, grid power and a port located nearby

Figure 1: Location of the Beutong Project, Indonesia Beutong Mineral Resources

Beutong contains copper-gold porphyry and skarn mineralisation with a Mineral Resource prepared by Duncan Hackman, an independent Qualified Person within the meaning of NI 43-101 for the purposes of Mineral Resource estimates, effective November 2014. The Mineral Resource estimate (covering the 1,500m strike extent and the 200 to 500m width of the porphyry system and 600m by 50m skarn body to the north of the porphyry) is presented in the tables below on a 100% basis and on a 40% basis.

Mineral Resources for the Beutong mineralization have been estimated in conformity with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserves Best Practices" Guidelines. In the opinion of Duncan Hackman, the block model Mineral Resource estimate and resource classification reported herein are a reasonable representation of the copper Mineral Resources found in the defined area of the Beutong mineralization. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resource will be converted into Mineral Reserve. Computational discrepancies in the table and the body of the Release are the result of rounding.

Beutong 2014 Resource Estimate (100% Basis) - Report at 0.3% Cu Lower Cut										
Classification (NI 43-101)	Mineralisation	Tonnes (Mt)	Grade				Metal			
			Cu (%)	Au (ppm)	Ag (ppm)	Mo (ppm)	Cu (Mlb)	Au (kOz)	Ag (kOz)	Mo (Mlb)
Measured	East Porphyry	34	0.66	0.13	1.74	90	494	137	1,901	7
Indicated	East Porphyry	52	0.56	0.1	1.53	110	646	176	2,563	13
	Skarn	7	0.7	0.28	5.84	8	101	59	1,234	0
Measured	Total	34	0.66	0.13	1.74	90	494	137	1,901	7
Indicated	Total	59	0.58	0.12	2.01	99	747	236	3,797	13
Total		**93**	**0.61**	**0.13**	**1.97**	**97**	**1,241**	**373**	**5,698**	**20**
Inferred	East Porphyry	80	0.52	0.1	2.24	139	904	251	5,753	24
	West Porphyry	326	0.43	0.14	0.77	128	3,064	1,443	8,101	86
	Outer East Porphyry	6	0.36	0.06	1.1	153	46	12	209	2
	Outer West Porphyry	1	0.37	0.11	1.06	45	11	5	49	0
	Skarn	5	0.64	0.24	5.22	10	66	36	791	0
Inferred	Total	418	0.45	0.13	1.11	129	4,092	1,746	14,903	112

Beutong 2014 Resource Estimate (net attributable 40% basis) - Report at 0.3% Cu Lower Cut										
Classification (NI 43-101)	Mineralisation	Tonnes (Mt)	Grade				Metal			
			Cu (%)	Au (ppm)	Ag (ppm)	Mo (ppm)	Cu (Mlb)	Au (kOz)	Ag (kOz)	Mo (Mlb)
Measured	East Porphyry	14	0.66	0.13	1.74	90	198	55	760	3
Indicated	East Porphyry	21	0.56	0.1	1.53	110	258	70	1,025	5
	Skarn	3	0.7	0.28	5.84	8	41	24	494	0
Measured	Total	14	0.66	0.13	1.74	90	198	55	760	3
Indicated	Total	24	0.58	0.12	2.01	99	299	94	1,519	5
Total		**38**	**0.61**	**0.13**	**1.97**	**97**	**496**	**149**	**2,279**	**8**
Inferred	East Porphyry	32	0.52	0.1	2.24	139	362	100	2,301	10
	West Porphyry	130	0.43	0.14	0.77	128	1,226	577	3,240	34
	Outer East Porphyry	2	0.36	0.06	1.1	153	19	5	84	1
	Outer West Porphyry	0	0.37	0.11	1.06	45	4	2	20	0
	Skarn	2	0.64	0.24	5.22	10	26	14	316	0
Inferred	Total	167	0.45	0.13	1.11	129	1,637	698	5,961	45

Beruang Kanan NI 43-101 Maiden Resource

The following is an excerpt from the technical report titled "Beruang Kanan Main Zone, Kalimantan Indonesia: 2014 Resource Estimate Report", prepared by Duncan Hackman (B.App.Sc., MSc, MAIG) of Hackman and Associates Pty. Ltd. with an effective date of September 30, 2014:

"**1 Summary**

1.1 Project and Resource Overview

The Beruang Kanan 2014 Resource Estimate deals with the copper mineralization for the Beruang Kanan prospect located 180 kilometers north of Palangkaraya, the capital city of Central Kalimantan. The Beruang Kanan mineralization is located within tenement held 100% by PT Kalimantan Surya Kancana

(KSK) under the Generation 6, KSK Contract of Work. KSK is in turn 75% owned by Indokal Limited (a 100% owned subsidiary of Kalimantan Gold Corporation Limited) and 25% by PT Pancaran Cahaya Kahayan. PT Pancaran Cahaya Kahayan is a 99% owned subsidiary of Indokal Limited with the remaining 1% owned by Mr. Mansur Geiger (held in trust for Kalimantan Gold Corporation Limited).

KSK publically reported the Beruang Kanan Main Zone 2014 Copper Resource Estimate on the 26th September 2014. The Estimate is the first for mineralization at Beruang Kanan Main Zone and is based on the KSK and joint venture partners' drill hole logging and sample assay databases as at 7th July 2014 and the geological and structural interpretation undertaken by Mr. Stephen Hughes (KSK) and Mr. Duncan Hackman of Hackman & Associates Pty Ltd (H&A). The data analysis, triangulation domaining, block modeling and grade interpolation was undertaken by Mr. Hackman. Mr. Hackman verified components of the exploration activities and mineralization features during a site visit conducted between the 2nd and 3rd September 2014.

The 2014 resource model covers the 1000m north-south strike extent and 950m width of the Beruang Kanan Main Zone vein style mineralized system. Mineralization crops out to the west, is closed-off by drilling to the north and has some potential to be extended to the east and south. Three deep holes under the main zones have failed to intersect significant copper mineralisation, however the depth repetition of mineralisation has not been fully tested. There are indications from the structural interpretation that repeat systems at depth and proximal to the Beruang Kanan Main Zone may exist.

Copper mineralisation occurs as covellite and chalcocite replacement of pyrite and as chalcopyrite within quartz veins and fracture fill. The copper is of likely hypogene origin. Veins and mineralisation are hosted in both blocky fractured volcanics and sediments, mainly in the south of the prospect and, in strongly sheared and tectonically milled breccias related to thrusting mainly in the central and northern parts of the prospect. Intense advanced argillic alteration exists throughout the prospect.

The Beruang Kanan resource model is underpinned by data from 74 Diamond Drill holes (24,774m). Modeled copper mineralisation has been intercepted in 749 nominal 3m drill intervals (2158m). Topographic control is achieved through the use of a highly detailed LIDAR generated surface to which all drill hole collar coordinates comply. Sample data was composited to three (3) metre intervals and flagged by domains defined copper assay grade and directed by the H&A structural interpretation. Three passes of inverse distance squared methodology were employed to interpolate grades within domains into a sub-blocked model (parent block size of 25mEx25mNx10mRL).). High grade copper assays were included in the interpolation with limits to their area of influence applied. The resource estimate has been classified based on data density, data quality and reliability, confidence in the geological interpretation and confidence in the Copper grade modeling and interpolation.

KSK has recently applied to the Ministry of Energy and Mineral Resources to recognize a suspension in operations (a hiatus of activities) until further notice as allowable and outlined in clause 23.3.(ii) of the Contract of Work. The KSK CoW is officially in its 4th year of existence following a number of previously granted suspensions (the KSK CoW has been granted for a minimum of 38 years). KSK has applied for the current suspension for two reasons, the first being that PT Eksplorasi Nusa Jaya, who was funding operations withdrew from their Joint Venture Agreement in January 2014 and secondly that KSK is waiting on the renewal of their forestry working permits (Ijin Pinjam Pakai Kawasan Hutan, or IPPKH) allowing them to work within production and protected forest. KSK has also applied to extend the recognized exploration period of the CoW for a year (to April 2015) as allowable and outlined under Article 23.3(ii) of the CoW. These requests are considered and granted at the discretion of the Government. The KSK CoW is in good standing regarding meeting expenditure social and environmental commitments and KSK is of the belief that the Ministry will look favorably upon their requests and grant both the suspension of activities and extension of exploration period. KSK is also of the opinion that there is no reason that their permit to work within a production forest will not be renewed for a further 2 year period.

Recently the Indonesian Government has been addressing historic Contracts of Work to ensure that they are aligned with the current mining law. KSK and the Ministry are currently negotiating details of a

Memorandum of Understanding to update terms of the KSK CoW and addresses details of 1) royalties 2) size of CoW in Exploration vs. Production 3) domestic processing 4) divestment obligations 5) State revenues and 6) prioritizing the use of local manpower and local products. KSK states that continued progress is being made and are encouraged by their discussions with the Indonesian Government. The amendments will not alter KSK's holding in the CoW.

1.2 Resource Estimate

The Beruang Kanan resource is reported between 768250mE and 769200mE, 9931700mN and 9932700mN and above 110mRL (450m vertical extent). Table A details the Beruang Kanan Main Zone Copper Mineral Resource as estimated in the 2014 resource model.

Table A: Beruang Kanan Main Zone Copper Resource Estimate, July 2014.

Beruang Kanan Copper - 2014 Inferred Resources (NI 43-101)			
Reporting Cut (Cu %)	Tonnes ('000)	Cu Grade (%)	Contained Cu ('000 tonnes)
0.2	47,000	0.6	280
0.5	24,000	0.8	190
0.7	12,000	1.0	120

Nominal reporting cuts reflect geological grade boundaries
Significant figures reflect Inferred Classification (NI43-101)
Computational discrepencies are the result of rounding reflecting resource confidence

H&A is not aware of any current legal, political, environmental, permitting, taxation, socio-economic, marketing or other risks that could materially affect the potential development of the mineral resources at BKM.

1.3 Contributing Experts

Expert Person / Company	Area of Expertise and Contribution of Expert
Duncan Hackman *MSc. MAIG.* Hackman & Associates Pty. Ltd.	*Exploration and Resource Geologist – 29yrs experience*. Data validation and quality analysis, resource domaining, block modelling, grade interpolation, resource classification. Qualified Person reporting on Beruang Kanan Main Zone Copper Resource Estimate
Stephen Hughes *BSc.(Hons)*, PT Kalimantan Surya Kancana.	*Copper Gold Exploration Geologist – 19yrs experience.* Geological interpretation.

1.4 Compliance with the Canadian NI 43-101 assessment criteria

The Beruang Kanan Main Zone Copper Resource Estimate and this mineral resource report has been compiled in accordance with the guidelines set out in the Canadian National Instrument 43-101 - Standards of Disclosure for Mineral Projects (NI 43-101).

Duncan Hackman is a member of the Australian Institute of Geoscientists and has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity undertaken to qualify as a Qualified Person as defined in NI 43-101.

Duncan Hackman consents for the inclusion in the PT Kalimantan Surya Kancana Public Release Statement of the matters based on his information and for Kalimantan Surya Kancana or their agents to use this resource estimate in the form and context in which it appears. The opinions and recommendations provided by Duncan Hackman are in response to requests by PT Kalimantan Surya Kancana and based on data and information provided by PT Kalimantan Surya Kancana or their agents. Duncan Hackman therefore accepts no liability for commercial decisions or actions resulting from any opinions or recommendations based on their data and information and offered within.

1.5 Key points relating to the Beruang Kanan 2014 Resource Estimate:

1. The resource estimate applies to outcropping vein style copper mineralization centred on 768800E, 9932400N (WGS84, UTM Zone 49S). The mineralization has been delineated as sixteen stacked and adjacent domains covering a strike length of 1000m (towards 000O), across a total width of 950m and to a depth of 450m below surface. Mineralization is open to the east and south. Structural interpretation indicates potential for repeat settings to exist at depth and in peripheral locations.

2. Covellite, chalcocite and chalcopyrite vein style copper mineralization is hosted in a sheared and blocky sediments and volcanics of Cretaceous to Tertiary age. The mineralization is located within and adjacent to an interpreted thrust fault-coupling or ramping zone. Extensive and intense advanced argillic alteration persists throughout the mineralised zone.

3. 74 diamond drillholes have been drilled within and around the Beruang Kanan mineralisation. The mineralisation is delineated by 34 of these holes, totaling 11,298m of which 2158m have intercepted the domained mineralisation. This drilling was undertaken in four programmes by three separate companies; PT Kalimantan Surya Kancana (KSK), Oxiana Limited (OX) and PT Eksplorasi Nusa Jaya (ENJ). The latter two companies undertook their work in Joint Venture with KSK. Holes attitudes are mostly angled between 60^{O} and 70^{O} towards 270^{O}. There are no twin holes drilled at Beruang Kanan.

4. Sampling of mineralization is at a nominal 3m length. Copper, gold, silver, antimony, lead, zinc, arsenic and molybdenum assays from 8211 half-PQ, half-HQ, half-NQ and half-BQ diamond core samples populate the resource dataset, with the ENJ samples including an additional 14 elements. 749 of the drill intervals are modeled within the mineralised domains at Beruang Kanan. Copper is the only element with potentially economic grades and is accompanied by 0.5ppm to 1.0ppm silver.

5. Copper grades of samples from NQ/BQ core average 26% lower than those from PQ/HQ core samples. This difference is due to a base shift or systematic relative bias between the two datasets and may be related to the fundamental sampling error or to variations in grade throughout the mineralisation (PQ and HQ drilling samples shallower depths of mineralization than NQ and BQ drilling). It is unknown if the laboratory sample reduction methods are appropriate where samples are reduced to 1kg in size at -4mm crush size, a comminution size not supported by theoretical sampling protocols, however the comparatively uniform grade profile in the dataset suggests that any introduced variance at this stage of sub-sampling will not materially affect confidence in the global resource estimate. Samples were digested by mixed 3 acid-digest methods and determined by both ICP-OES and AAS instruments. Assay quality control samples included with the ENJ drill samples show that confidence can be placed in assays from this dataset. Comparison of data population distributions between the ENJ copper assays and the historic assays indicate that the earlier assays are also of acceptable reliability for estimating global resources. The assay data is considered of acceptable quality to underpin Inferred Resources (NI 43-101) at Beruang Kanan.

6. Copper grade is estimated by inverse distance squared interpolation methods. Interpolation is guided and constrained by solid TIN (triangulated) boundaries. 749 three metre composites inform the grade interpolation within domains. Parent cell estimates (25mEx25mNx10mRL) were written to a sub-blocked model. High grade values (>3%Cu) were restricted from informing block grades at greater than 50m (E and N) and 25m (RL) distance from sample locations. 11 copper composites were affected by this treatment. Tonnage factors, more akin to bulk densities, of between 2.67g/cc

and 2.85g/cc were utilized and are based on 330 bulk density measurements taken from mineralized drill core intercepts.

7. The estimate is assigned an Inferred Mineral Resource classification under the guidelines outlined in the Canadian National Instrument 43-101. Risk associated with drilling density and orientation suitability, primary sampling reliability, certainty in geological and grade continuity, tonnage factor representivity, sample reduction strategy suitability and the unknown reliability of historic assay data are the key inputs in determining the resource classification.

1.6 Further evaluation and exploration

The Beruang Kanan Main Zone Copper Resource Estimate is currently drilled at roughly 100m centres. Infill drilling to reduce the drilling pattern to 50m centres on 100m spaced sections will offer significant data and information relating to geological and copper grade continuity. This drilling should allow volumes of the mineralisation to be considered for higher classifications in future estimates (Indicated and Measured Resources as described in the NI 43-101). In addition this drilling, with the appropriate studies and focus, will assist in understanding (and alleviating) areas of risk identified in the current Beruang Kanan Main Zone dataset (noted in Section 1.5 above). Step-out extension drilling to the east and south should have a reasonable probability of successfully increasing the size of the resource at Beruang Kanan Main Zone.

KSK should consider undertaking Initial metallurgical testwork on the BKM copper mineralisation, with fresh samples being collected from the infill drilling programme.

Scout drilling of the five adjacent prospects for repeat styles and other styles of mineralisation should assist with building the mineral resource base within the immediate vicinity of the Beruang Kanan Main Zone Copper Resource and, KSK should also consider continuing the evaluation of mineralisation located at the Baroi, Mansur and Beruang Tengah prospects and other lesser developed prospects within the KSK CoW.

1.7 Recommendations

The following activities directed at improving the confidence in the input data utilised in generating future estimates of the copper resources at Beruang Kanan are recommended by H&A:

- Investigate the impact that the primary size has on copper grade representivity and reliability for improving robustness and confidence in future assay datasets. In particular:
    - understand the reasons why the NQ and BQ core samples report lower copper grades than the PQ and HQ core samples,
    - determine if precision and accuracy issues relating to the sample reduction protocols impact on the reliability of copper assays in the current dataset and
    - incorporate duplicate hole drilling into future programmes to better understand the heterogeneity of the in situ mineralization
- Improve knowledge and understanding of mineralizing processes and their expected attitudes, geometries and extents for designing both infill and extension drilling
- Investigate the relationship between copper grade and mineralization events (veining styles/density/orientation) to assist in the design of future drilling (hole orientation and density).
- Undertake a comprehensive specific gravity programme to generate reliable dry bulk density and bulk density datasets for use in future resource estimates and engineering studies.
- Increase confidence in the historic KSK dataset through programmes such as twinning of key holes.

- Rebuild the ENJ-KSK assay dataset and remove quality control umpire assays from the primary data.
- Review all protocols for future evaluation work to ensure their suitability regarding mineralisation styles, local conditions, sample and data integrity and use, sample and data security and storage etc.

These recommendations will require new drill core and would be included in a programme designed to increase both the size and confidence of future resources at the Beruang Kanan Main Zone.

The following two stage drilling programme is considered appropriate for expanding the copper resource at Beruang Kanan (and determining credentials of adjacent mineralized areas) and improving the confidence of the resource Beruang Kanan Main Zone (by increasing drilling/sample density within the defined mineralisation reported in this report).

Stage 1:

This programme comprises diamond drilling totaling 9,000 m (approximately 75 holes averaging 125m each) on a 100 meter by 50 meter grid to expand (targeting mineralization to the west and south) and infill the BKM mineralization. This program could be carried out in 5-7 months using 3 man-portable drill rigs, assuming an average daily drilling rate of 25-30m per rig. The outcome is to expand on the current resource base and possibly convert all or part of the current Inferred Mineral Resources to Measured and Indicated Resources.

Stage 2:

This program comprises additional mapping and systematic sampling on surface at Beruang Kanan West, Beruang Kanan South and Beruang Kanan Polymetallic Prospects (North and South) to test current targets and identify mineralisation (and results dependent, additional targets for testing). Scout diamond drilling totalling 3,000 m (approximately 20 holes averaging 150m each) is proposed, to test the mineralization at Beruang Kanan West, Beruang Kanan South, Beruang Kanan Polymetallic North, Beruang Kanan Polymetallic South, and the Low Zone Prospects. This program could be carried out in 1-2 months using 3 man-portable drill rigs, assuming an average daily drilling rate of 25-30m per rig. The outcome is to identify areas for drilling to delineate additional resources within the immediate vicinity of the Beruang Kanan Main Zone.

In addition to the extension and upgrading of the BKM resource H&A recommends undertaking initial metallurgical testwork on the BKM copper mineralisation. This programme should involve comminution testing (including Grind Determination, Bond Impact Work Index Testing and Bond Ball Mill Work Index Testing), flotation testing and leach testing. Outcomes from this work would provide data for further directed testwork and variability studies on recovery rates, concentrate grades and metallurgical/physical parameters and would feed into investigations on appropriate cut-off grades for reporting of future resource estimates. The metallurgical testwork should be undertaken concurrently with the drilling programmes, with freshly drilled samples obtained from the new holes.

The total of Stage I, Stage II and metallurgical budgets is estimated at US$3,851,000."

<<end of extract>>

Jelai Izin Usaha Pertambangan (the "Jelai IUP")

With regard to the Jelai IUP, the Company has placed the Jelai project on care and maintenance while it analyzes the results of the previous programs, 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 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 received a Clean and Clear certificate for JCM from the Ministry of Mines. The "Clean and Clear" status indicates the Jelai 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.

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 several 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 the Fall of 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 through fiscal 2014 to date, 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:

- Village Development Planning
- Village Development Fund & Technical Support for Economic Livelihoods
- Village Institutional Development
- Kalimantan Kids Club – a scholarship program
- Information & Communication Media and Events

SK LLC has funded these programs through to September 30, 2014.

Qualified Person

Technical data disclosed in this MD&A have been reviewed and verified by Stephen Hughes, P. Geo, a director of KLG and a Qualified Person within the meaning of NI 43-101.

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 month period ended September 30, 2014

The Company incurred a loss for the nine month period ended September 30, 2014, of $493,900 (September 30, 2013 – $131,579).

The Company has slowed or curtailed many of its discretionary expenses in 2014, and this overall trend can be seen across-the-board in the nine-month period ended September 30, 2014 compared to the 2013 comparative period. The more notable differences between the fiscal periods are discussed below:

- Consultants: September 30, 2014 – $156,069; (September 30, 2013 - $273,480)
  During the current nine-month period ended September 30, 2014, the Company has experienced reductions in consulting fees due to the withdrawal of SK LLC from the KSK Agreement. Voluntary fee reductions from the CEO's company (Romfal Corporate Pty Ltd.) and Mr. Gerald Cheyne have also contributed to this favorable variance.
- Directors fees: September 30, 2014 – $3,500; (September 30, 2013 - $29,000)
  During the current nine-month period ended September 30, 2014, the Company's current Directors agreed to waive their fees retroactively to January 1, 2014; until such time as the Company finds new funding partners for their projects. The Company has reversed the fees accrued earlier in the current nine-month period.
- Exploration costs: September 30, 2014 – $275,508; (September 30, 2013 – ($11,209))
  Gross exploration expenditures in the current 2014 fiscal nine-months are significantly lower than in the comparative 2013 period (2014 - $1,735,648; 2013 - $16,322,473), due to the January 31, 2014 withdrawal of SK LLC.
- Investor relations: September 30, 2014 – $1,747; (September 30, 2013 - $10,216)
  The Company has consciously curtailed the investor relations programs as part of the cash-conservation program in 2014.
- Legal fees: September 30, 2014 – $6,031; (September 30, 2013 - $38,490)
  The Company incurred legal fees in 2013 associated with the formation of the Singapore subsidiary and the related documentation required, whereas the 2014 fees are more in line with a typical period.
- Management fees: September 30, 2014 – ($47,388); (September 30, 2013 – ($548,710))
  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 nine-month periods ended September 30, 2014 and 2013, the Company earned management fees as operator pursuant to the KSK Agreement.
- Office and administrative services: September 30, 2014 – $13,020; (September 30, 2013 - $6,919)
  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 expense category in 2014.
- Travel and accommodation: September 30, 2014 – $141; (September 30, 2013 - $29,275)
  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 September 30, 2014 $	3 months ended June 30, 2014 $	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 $
Total revenues	-	-	-	-	-	-	-	-
Profit (loss) for the quarter	(259,405)	(55,843)	(178,652)	(194,226)	(245,046)	88,316	25,151	235,674
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 period with $973,464 in cash. Operating activities used $782,085 in cash; investing activities contributed $145,070 in cash and include $732 recovered on sale of equipment, and $120,000 funding for reclamation; and recorded $4,332 of unrealized foreign exchange gain on cash balances, to end the period with $340,781 in cash.

SK LLC has funded the community development programs through to the end of September 2014.

Management believes that the Company does not have sufficient financial resources to maintain its core activities over the next 12 months and therefore, the Company will need to seek additional equity financing. 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 necessary 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 material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

As announced on November 26, 2014, the Company intends to conduct a Capital Raising to raise up to US$3 million, in the context of the market at the time, as a condition precedent to completing the acquisition of the Beutong project. Should this be successful, it is expected this would alleviate the near term liquidity concerns of the Company.

Capital Resources

At the date of this MD&A, the Company has 14,675,000 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.

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,	
	2014	2013	2014	2013
Consulting fees – Golden Oak	$ 24,209	$ 25,082	$ 72,167	$ 76,886
Consulting fees – Romfal	3,000	30,000	31,000	90,000
Total	$ 27,209	$ 55,082	$ 103,167	$ 166,886

b) Compensation of key management personnel:

The remuneration of directors and other members of key management personnel, including amounts disclosed above, during the nine-month period ended September 30, 2014, and 2013 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Consulting fees	$ 27,209	$ 55,082	$ 103,167	$ 166,886
Salaries, wages and related costs (exploration and evaluation expenditures)	37,286	62,143	124,286	186,429
Directors fees to non-management directors (1)	-	9,000	3,500	38,000
Share-based compensation	-	117,323	-	117,323
Total	$ 64,495	$ 243,548	$ 230,953	$ 508,638

(1) Includes $8,000 accrued to Francis De Sousa for his eight-month tenure as a Director from August 2012 to March 2013. The current non-management Directors agreed to waive their fees from January 1, 2014 until such time as the Company is in a better cash position.

At September 30, 2014, an amount of $1,147 (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.

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, 2014		December 31, 2013
Cash	FVTPL	$	340,781	$	973,464
Government deposit	Loans and Receivables		36,761		36,110
Trade and other receivables	Loans and Receivables		28,069		268,460
Trade and other payables	Other liabilities		(253,877)		(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.

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 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 September 30, 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 September 30, 2014	171,407,156	11,225,000
Grant of options October 6, 2014	-	3,450,000
Balance at the date of this MD&A	171,407,156	14,675,000

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

Nine months ended September 30, 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	September 30, 2014	December 31, 2013
ASSETS			
Current assets			
Cash	*5*	$ 340,781	$ 973,464
Government deposit	*6 & 14*	36,761	36,110
Trade and other receivables	*7*	28,069	268,460
		405,611	1,278,034
Non-current assets			
Security deposit		21,388	21,186
Equipment	*8*	136,783	244,964
		$ 563,782	$ 1,544,184
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables	*10*	$ 253,877	$ 706,658
Provision for employee service entitlements		-	178,059
		253,877	884,717
Non-current liabilities			
Provision for employee service entitlements		24,338	-
Provision for reclamation	*9*	120,000	-
		144,338	-
		398,215	884,717
Shareholders' equity			
Share capital	*11*	1,674,842	1,674,842
Equity reserves	*11*	25,675,245	25,675,245
Deficit		(27,184,520)	(26,690,620)
		165,567	659,467
		$ 563,782	$ 1,544,184

Nature of operations and going concern	*1*
Commitments	*13*
Contingency	*14*
Subsequent events	*16*

These condensed consolidated interim financial statements are authorized for issue on behalf of the Board of Directors on November 25, 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)

		For the three months ended		For the nine months ended	
	Note	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Expenses					
Accounting and audit		$ 3,074	$ 7,718	$ 6,690	$ 10,724
Consultants	*13*	43,821	89,032	156,069	273,480
Directors fees		-	6,000	3,500	29,000
Exploration and evaluation expenditures, net	*9*	193,353	(19,396)	275,508	(11,209)
Investor relations		560	766	1,747	10,216
Legal		90	1,102	6,031	38,490
Management fees	*9*	-	(79,594)	(47,388)	(548,710)
Office and administrative services		1,773	2,742	13,020	6,919
Share-based compensation	*12(d)*	-	236,633	-	236,633
Telephone and facsimile		336	194	971	2,144
Transfer agent, filing and exchange fees		12,948	10,295	71,341	70,663
Travel and accommodation		-	5,516	141	29,275
		255,955	261,008	487,630	147,625
Other items					
Foreign exchange gain (loss)		(2,929)	15,932	(6,558)	15,755
Loss on sale of equipment		(1,544)	-	(1,082)	-
Interest income		1,023	30	1,370	291
		(3,450)	15,962	(6,270)	16,046
Loss and comprehensive loss for the period		$ (259,405)	$ (245,046)	$ (493,900)	$ (131,579)
Basic and diluted loss per common share		$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Weighted average number of shares outstanding		171,407,156	171,407,156	171,407,156	171,407,156

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

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

	For the nine months ended	
	September 30, 2014	September 30, 2013
Cash provided from (used for):		
Operating activities		
Profit (loss) for the period	$ (493,900)	$ (125,579)
Adjustment for non-cash items:		
Depreciation	106,367	47,047
Gain on sale of equipment	1,082	-
Share-based compensation	-	236,633
Unrealized foreign exchange gain	(5,185)	1,337
Changes in non-cash working capital:		
Provision for employee service entitlements	(178,059)	-
Trade and other receivables	240,391	1,567,393
Trade and other payables	(452,781)	(3,391,889)
	(782,085)	(1,665,058)
Investing activities		
Purchase of equipment	-	(395,871)
Recovery of equipment	-	105,330
Provision for employee service entitlements	24,338	(37,710)
Provision for reclamation	120,000	-
Proceeds on sale of equipment	732	-
	145,070	(328,251)
Unrealized foreign exchange gain on cash	4,332	4,663
Decrease in cash	(632,683)	(1,988,646)
Cash, beginning of the period	973,464	3,058,382
Cash, end of the period	$ 340,781	$ 1,069,736
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
Share-based compensation	-		-		236,633		-		236,633
Profit (loss) and comprehensive profit (loss) for the period	-		-		-		(131,579)		(131,579)
Balance, September 30, 2013	171,407,156	$	1,674,842	$	25,675,245	$	(26,496,394)	$	853,693

	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	-		-		-		(493,900)		(493,900)
Balance, September 30, 2014	171,407,156	$	1,674,842	$	25,675,245	$	(27,184,520)	$	165,567

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

1. NATURE OF OPERATIONS and GOING CONCERN

Kalimantan Gold Corporation Limited (the "Company" or "Kalimantan Gold") is a publicly listed company incorporated under the laws of Bermuda. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") and the AIM market of the London Stock Exchange ("AIM"). 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, 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 does not have sufficient financial resources to maintain its core activities over the next 12 months and therefore, the Company will need to seek additional equity financing. 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 necessary 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 material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

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").

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.

(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 September 30, 2014	As at December 31, 2013
Canadian dollar denominated cash held in Canada	$ 57,430	$ 45,633
US dollar denominated cash held in Canada	170,629	451,604
US dollar and Rupiah cash held in Indonesia	112,722	112,664
	340,781	609,901
US dollar Cash held in Canada exclusively for use on joint venture projects	-	363,563
Cash	$ 340,781	$ 973,464

6. GOVERNMENT DEPOSIT

	As at September 30, 2014	As at December 31, 2013
Deposits paid to file tax appeals	$ 48,415	$ 48,415
Foreign exchange movement on deposit	(11,654)	(12,305)
Current deposits paid to file tax appeals	$ 36,761	$ 36,110

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

7. TRADE AND OTHER RECEIVABLES

	As at September 30, 2014	As at December 31, 2013
Amounts receivable – employee advances	$ 10,627	$ 11,524
Amounts receivable – other receivables	4,900	36,724
Amounts receivable – prepayments	12,542	4,554
	28,069	52,802
Amounts receivable – due from JV partners	-	171,765
Amounts receivable – JV partner prepayments	-	43,893
Total	$ 28,069	$ 268,460

(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	Proceeds on sale	Balance as of September 30, 2014
At cost:					
Equipment	$ 605,629	$ -	$ (6,830)	$ 732	$ 599,531
Accumulated depreciation:					
Equipment	360,665	$ 106,367	$ (4,284)	$ -	462,748
Net book value	$ 244,964				$ 136,783

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 September 30, 2014, and 2013 are as follows:

	For the three months ended		For the nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
KSK CoW				
Exploration costs during the period				
Community development	$ 2,516	$ 182,141	$ 390,803	$ 553,881
Consultants and contractors	24,657	1,569,396	193,816	3,314,571
Contracted drilling	-	739,581	-	2,354,070
Equipment rental recoveries	-	(135,915)	-	(279,535)
Field support	16,575	528,098	102,134	1,982,698
Land tax and dead rent	19,475	21,853	41,000	21,853
Reclamation costs (1)	-	-	120,000	-
Salaries, wages and related costs	89,031	897,898	371,320	2,150,949
Sample preparation and analysis	18,469	246,992	82,955	641,948
Supplies and equipment	(5,910)	267,010	35,165	858,324
Taxation	40,372	460,508	64,031	932,175
Transport (including helicopters)	-	873,333	137,698	3,321,168
Travel and accommodation	3,258	91,277	63,339	253,564
	208,443	5,742,172	1,602,261	16,105,666
Depreciation	34,342	18,643	103,393	42,056
Current period exploration	242,785	5,760,815	1,705,654	16,147,722
Recovery from funding partner	(60,000)	(5,852,152)	(1,460,140)	(16,333,682)
Current period net exploration	182,785	(91,337)	245,514	(185,960)

<table continues on next page>

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

9. EXPLORATION AND EVALUATION ASSETS *(continued)*

	For the three months ended		For the nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Jelai				
Exploration costs during the period				
Community development	$ -	$ -	$ -	$ -
Consultants and contractors	3,025	39,989	13,212	67,678
Contracted drilling	-	-	-	-
Field support	371	7,402	(458)	21,622
Salaries, wages and related costs	5,633	9,195	11,903	42,156
Taxation	651	1,177	999	14,443
Travel and accommodation	161	12,531	1,365	23,861
	9,841	70,294	27,021	169,760
Depreciation	727	1,647	2,973	4,991
Current period exploration	10,568	71,941	29,994	174,751
Recovery from funding partner	-	-	-	-
Current period net exploration	10,568	71,941	29,994	174,751
Total current period exploration	155,680	(19,396)	237,835	(11,209)
Cumulative exploration expenditures included in the deficit, beginning of the period	20,497,306	20,334,090	20,415,151	20,325,903
Cumulative exploration expenditures included in the deficit, end of the period	$ 20,652,986	$ 20,314,694	$ 20,652,986	$ 20,314,694

(1) – 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 was granted a net smelter return 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 for the benefit of Kalimantan Gold.

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

10. TRADE AND OTHER PAYABLES

Falling due within the next twelve months		As at September 30, 2014		As at December 31, 2013
Trade and other payables	$	252,730	$	160,872
Trade and other payables owed to related parties [(1)]		1,147		11,456
		253,877		172,328
Trade and other payables in Indonesia to be paid with cash held for use on joint venture projects		-		534,330
Total	$	253,877	$	706,658

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

11. SHARE CAPITAL AND RESERVES

a) Authorized share capital

At September 30, 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 September 30, 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 nine month period ended September 30, 2014, and 2013.

Fiscal 2014

There were no changes to the issued and outstanding share capital of the Company during the nine months ended September 30, 2014.

Fiscal 2013

There were no changes to the issued and outstanding share capital of the Company during the nine months ended September 30, 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.

(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 nine month period ended September 30, 2014, is as follows:

Expiry date	*Exercise price Cdn $*	Balance, December 31, 2013	Granted	Exercised	Expired	Balance, September 30, 2014
April 21, 2016	*$ 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 September 30, 2014, was 2.7 years. All of the outstanding options are exercisable at September 30, 2014.

d) Stock-based Compensation

Fiscal 2014:

During the nine month period ended September 30, 2014, the Company recorded $nil in non-cash stock-based compensation expense for options vesting in the period.

Fiscal 2013:

During the nine month period ended September 30, 2013, the Company recorded $236,633 in non-cash stock-based compensation expense for options granted and vesting in the period.

On July 1, 2013, the Company granted 5,950,000 stock options with a total grant-date fair value of $236,633 or $0.04 per option, with immediate vesting. Share-based compensation was $236,633 which was recognized in operations. The fair value of these options was determined using a risk free interest rate of 1.62%, an expected volatility of 176%, an expected life of 5 years, an expected dividend of zero, and a foreign exchange rate of 0.9497 to the Canadian dollar. Volatility was determined using daily closing share prices over a term equivalent to the expected life of the options.

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

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 Ltd. ("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.

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Consulting fees – Golden Oak	$ 24,209	$ 25,082	$ 72,167	$ 76,886
Consulting fees – Romfal	3,000	30,000	31,000	90,000
Total	$ 27,209	$ 55,082	$ 103,167	$ 166,886

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 and nine month periods ended September 30, 2014, and 2013 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Consulting fees	$ 27,209	$ 55,082	$ 103,167	$ 166,886
Salaries, wages and related costs (exploration and evaluation expenditures)	37,286	62,143	124,286	186,429
Directors fees to non-management directors (1)	-	9,000	3,500	38,000
Share-based compensation	-	117,323	-	117,323
Total	$ 64,495	$ 243,548	$ 230,953	$ 508,638

(1) The 2013 figures include $8,000 paid to Francis De Sousa for his eight-month tenure as a Director from August 2012 to March 2013. The current non-management Directors agreed to waive their fees from January 1, 2014 until such time as the Company is in a better cash position.

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 nine month period ended September 30, 2014, the Company paid or accrued $29,365 (AUD$30,000) in consulting fees to RFC. During the comparative 2013 period, the Company paid or accrued $47,496 (AUD$45,000) 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 nine month period ended September 30, 2014, the Company paid or accrued a total of $19,742 (£11,340) as consulting fees to our AIM Broker. The Company expects to incur costs in fiscal 2014 of £15,100 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.

16. SUBSEQUENT EVENTS

Subsequent to September 30, 2014, the Company:

a) on October 6, 2014, the Directors granted 3,450,000 stock options to directors and employees of the Company, exercisable for up to five years at a price of $0.05 per share. The options granted vested immediately;

b) announced that it had filed a NI43-101 compliant technical report supporting the independently estimated maiden resource for the Main Zone of the Beruang Kanan prospect within the Company's 100% held KSK Contract of Work project; and

c) announced on November 26, 2014, that it has signed a non-binding letter of intent with Tigers Realm Copper Pty Ltd., a private Australian corporation within the Tigers Realm Group of companies, to purchase Tigers' interest in the Beutong copper-gold project, Sumatra, Indonesia. The consideration for this acquisition will be the issue of 171,407,156 KLG common shares and 14,675,000 KLG share purchase warrants. Completion of the transaction will be subject to satisfaction of a number of conditions, including, but not limited to receipt of applicable regulatory approvals and KLG completing a concurrent equity placement for gross proceeds of not less than US$3 million at a price to be determined in the context of the market and as agreed by the parties ("Capital Raising"). The Capital Raising is subject to compliance with applicable securities laws and to receipt of regulatory approval.